SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): MAY 14, 2002

DESIGNS, INC.
(Exact name of registrant as specified in charter)

DELAWARE	0-15898	04-2623104
(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. employer identification no.)

66 B STREET NEEDHAM, MASSACHUSETTS	02494
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (781) 444-7222

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

As of May 14, 2002, pursuant to an Asset Purchase Agreement entered into as of May 2, 2002 (the "Asset Purchase Agreement"), by and among Designs, Inc. ("Designs" or the "Company") and Casual Male Corp. and certain subsidiaries ("Casual Male"), the Company completed the acquisition of substantially all of the assets of Casual Male for a purchase price of approximately $170 million, plus assumption of certain operating liabilities. The Company was selected as the highest and best bidder at a bankruptcy court ordered auction commencing on May 1, 2002 and concluding on May 2, 2002. The U.S. Bankruptcy Court for the Southern District of New York subsequently granted its approval for the acquisition of Casual Male by Designs on May 7, 2002.

The Casual Male acquisition, along with the payment of certain related fees and expenses, was completed with funds provided by: (i) approximately $46.0 million in term loan and revolving indebtedness under a senior secured credit facility, (ii) proceeds from the private placement of $24.5 million principal amount of 12% senior subordinated notes due 2007 and $11 million principal amount of 5% senior subordinated notes due 2007, and the issuance of warrants to purchase common stock of the Company, (iii) approximately $82.5 million of proceeds from the private placement of approximately 1.4 million shares of common stock and shares of newly designated convertible preferred stock (equivalent to approximately 18.0 million shares of common stock, conditioned upon shareholder approval for conversion) of the Company, and (iv) the assumption of a mortgage note in a principal amount of approximately $12.2 million.

The convertibility of such preferred stock, and the exercisability of certain such warrants, is subject to approval by the stockholders of the Company. The newly issued common stock and the common stock issuable upon conversion of such convertible preferred stock and exercise of such warrants will be subject to certain rights to require registration under the Securities Act of 1933, as amended.

The foregoing description is qualified in its entirety by reference to the full text of the exhibits filed herewith and incorporated by this reference.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) FINANCIAL STATEMENTS OF BUSINESS ACQUIRED.

To be filed by amendment within the time period specified in Item 7(a)(4) of Form 8-K.

(b) PRO FORMA FINANCIAL INFORMATION.

To be filed by amendment within the time period specified in Item 7(a)(4) of Form 8-K.

(c) EXHIBITS.

EXHIBIT NO.	DESCRIPTION
3.1	Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of Series B Convertible Preferred Stock dated May 14, 2002.
10.1	Asset Purchase Agreement entered into as of May 2, 2002, by and among the Company and Casual Male Corp. and certain subsidiaries.
10.2	Amended and Restated Note Agreement, dated as of April 26, 2002, and amended and restated as of May 14, 2002, among the Company, certain subsidiaries of the Company and the purchasers identified therein.
10.3	Form of 12% Senior Subordinated Note due 2007.
10.4	Form of 5% Subordinated Note due April 26, 2007.
10.5	Form of Warrant to Purchase Shares of Common Stock (aggregating 787,500 shares).
10.6	Form of Warrant to Purchase Shares of Common Stock (aggregating 927,500 shares, subject to shareholder approval).
10.7	Form of Warrant to Purchase Shares of Common Stock (aggregating 1,176,471 shares, subject to shareholder approval).
10.8	Registration Rights Agreement entered into as of April 26, 2002, by and between the Company and the persons identified therein.
99.1	Press Release of Designs, Inc. dated May 15, 2002.

SIGNATURE

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

Date: May 23, 2002

Designs, Inc.

By: /s/ DENNIS R. HERNREICH

Name: Dennis R. Hernreich
Title: Senior Vice President and Chief Financial Officer

EXHIBIT 3.1

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS, AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS

OF

SERIES B CONVERTIBLE PREFERRED STOCK

OF

DESIGNS, INC.
A DELAWARE CORPORATION

Designs, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "CORPORATION"), DOES HEREBY CERTIFY:

That, pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation (as amended) of the Corporation, and pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware (the "DGCL"), the Board of Directors of the Corporation duly adopted a resolution providing for the designations, preferences and relative, participating, optional and other special rights of a series of preferred stock of the Corporation (the "PREFERRED STOCK"), and the qualifications, limitations and restrictions thereof, which resolution is set forth in EXHIBIT A attached hereto and is hereby incorporated herein by this reference.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be duly executed by its Chief Financial Officer this 14th day of May, 2002.

DESIGNS, INC.

By: /s/ DENNIS R. HERNREICH

Name: Dennis R. Hernreich
Title: Chief Financial Officer

EXHIBIT A

RESOLUTION OF THE BOARD OF DIRECTORS DESIGNATING SERIES B CONVERTIBLE PREFERRED STOCK

OF

DESIGNS, INC.

RESOLVED, that pursuant to the authority conferred upon and vested in the Board of Directors by the Restated Certificate of Incorporation, as amended as of the date hereof (the "CERTIFICATE OF INCORPORATION"), of Designs, Inc. (the "CORPORATION"), the Board of Directors of the Corporation (the "BOARD OF DIRECTORS") hereby adopts this Certificate of Designations (the "CERTIFICATE") and establishes and designates a series of Preferred Stock, par value $0.01 per share, of the Corporation, designated as Series B Convertible Preferred Stock (the "SERIES B PREFERRED"), and hereby fixes and determines the authorized number of such shares and the designations, preferences and relative, participating, optional and other special rights of such shares, and the qualifications, limitations and restrictions thereof, in addition to those set forth in the Certificate of Incorporation, as follows:

1. DESIGNATION; ISSUE PRICE. There shall be a series of Preferred Stock of the Corporation designated as "Series B Convertible Preferred Stock" and the number of shares constituting such series shall be 200,000. The number of shares of Series B Preferred may be increased or decreased by resolution of the Board of Directors; PROVIDED, HOWEVER, that no decrease shall reduce the number of shares of such series to fewer than the number of shares then issued and outstanding. The issue price for the shares of Series B Preferred shall be $425.00 per share, as may be adjusted from time to time for any combinations, consolidations, subdivisions, stock splits or the like changing the number of outstanding shares of Series B Preferred (the "SERIES B ISSUE PRICE").

2. DIVIDENDS.

(i) The holders of shares of Series B Preferred shall be entitled to participate equally with the holders of the common stock of the Corporation (the "COMMON STOCK"), par value $0.01 per share, as to the payment

of dividends and other distributions, whether in cash, capital stock or other property (other than a dividend or other distribution payable in securities of the Corporation or one covered by Section 5(iii)(a)), when, as and if declared by the Board of Directors, out of assets of the Corporation legally available therefor, and shall receive such dividends or distributions in an amount per share equal to the dividends or distributions payable on the number of shares of Common Stock into which one share of the Series B Preferred is then convertible. Nothing herein contained with respect to the calculation of any dividend or distribution shall be construed as, or deemed to be, a declaration of any dividend or distribution, or shall confer any right on any holder of shares of Series B Preferred (or any other holder of the Corporation's capital stock) to the payment of any dividend or distribution until such dividend or distribution shall have been specifically declared payable by the Board of Directors and until the date determined for the payment thereof shall have occurred. For purposes of this Article 2,

neither a Liquidation Event (as defined in Article 3) nor a distribution or other event covered by Article 5 hereof shall be considered a dividend or other distribution.

(ii) The holders of the Series B Preferred shall be entitled to receive on any Dividend Payment Date (as defined below) dividends (the "SERIES B DIVIDENDS") on each share of Series B Preferred, initially at the rate of 15% per annum (computed on the basis of a 360-day year of twelve 30-day months) of the Series B Issue Price for the first 150 days following the date of issuance of such share (the "DIVIDEND RATE"); PROVIDED, HOWEVER, that beginning on the 151st day following such issuance, the Dividend Rate shall automatically be increased to 20% per annum (computed on such similar basis). Such dividends shall accrue and accumulate whether or not they have been declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends. All dividends shall be paid in cash.

(iii) Dividends on shares of Series B Preferred Stock shall accrue and be cumulative from the date of issuance of such shares and shall be payable in arrears on any of the following dates (each, a "DIVIDEND PAYMENT DATE"): (1) upon and on the date of a Liquidation Event; (2) upon a redemption in accordance with Article 6 hereof on any given Redemption Date (but only to the extent required pursuant to Article 6); or (3) semi-annually on May 1 and November 1 of each year, commencing on November 1, 2002 (each, a "DIVIDEND PAYMENT DATE"); PROVIDED, HOWEVER, that no Series B Dividend shall be payable for any shares of Series B Preferred (without regard to its accrual) upon conversion in accordance with Article 5 hereof that occurs prior to any Dividend Payment Date.

(iv) For purposes of this Certificate, "FAIR MARKET VALUE" shall mean, as to the value of securities or other property, as applicable, the fair value thereof, as of the time of payment or distribution of such securities or other property by the Corporation, as determined by the Board of Directors in the good faith exercise of its reasonable business judgment, PROVIDED that (1) if such securities are listed on any established stock exchange or quoted on a nationally recognized automated quotation system, their Fair Market Value shall be the average of the closing sales price for such securities as quoted on such system or as listed on such exchange (or the largest such exchange) for the 20 trading days preceding the date the value is to be determined, and (2) if such securities are regularly quoted by a recognized securities dealer but selling prices are not reported, their Fair Market Value shall be the mean between the high bid and low asked prices for such securities averaged for such 20-trading-day period preceding the date the value is to be determined.

3. LIQUIDATION PREFERENCE.

(i) In the event of (1) a liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, (2) the sale, conveyance or other disposition of all or substantially all of the assets of the Corporation as an entirety (other than the sale of inventory in the ordinary course of business), or (3) a merger, consolidation or other business combination (including without limitation a stock-for-stock exchange) of the Corporation with one or more other entities that results in the stockholders of the Corporation immediately prior to such event owning less than 50% of the combined voting power of all classes of capital stock of the

Corporation (or its successor) (each, a "LIQUIDATION EVENT"), then distributions to the stockholders of the Corporation shall be made in the following manner:

(a) Each holder of Series B Preferred shall be entitled to receive, prior and in preference to any distribution or payment of any of the assets or surplus funds of the Corporation to the holders of the Common Stock or any other shares of capital stock of the Corporation with rights

junior to the Series B Preferred, by reason of their ownership of such capital stock, an amount per share equal to the Redemption Price (as defined in Article 6 hereof). If, upon the occurrence of a Liquidation Event, the assets and funds available to be distributed among the holders of the Series B Preferred shall be insufficient to permit the payment to such holders of the aggregate Redemption Price for all then outstanding shares of Series B Preferred, then the entire assets and funds of the Corporation legally available for distribution to such holders shall be distributed ratably in accordance with the respective amounts which would be paid on such shares of Series B Preferred if all amounts therein were paid in full.

(b) After payment has been made to the holders of Series B Preferred, and any other Preferred Stock that may be designated and issued by the Board of Directors from time to time after the date hereof (in accordance with the terms hereof) (the "OTHER PREFERRED STOCK"), of the full amounts to which they are entitled pursuant to Section 3(i)(a) above or any certificate of designations filed to establish the respective series and liquidation preferences of any Other Preferred Stock, the remaining assets and funds of the Corporation available for distribution to stockholders shall be distributed ratably among the holders of the outstanding shares of Common Stock.

(ii) Nothing hereinabove set forth shall affect in any way the mandatory conversion of the shares of Series B Preferred into shares of Common Stock in accordance with Article 5 of this Certificate.

4. VOTING RIGHTS.

The Series B Preferred shall not be entitled to vote on matters as to which the stockholders of the Corporation generally are entitled to vote. Notwithstanding the above, so long any shares Series B Preferred remain outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of a majority of the shares of Series B Preferred outstanding at the time, given in person or by proxy, either in writing or at a meeting at which the holders of the shares of Series B Preferred shall vote separately as a class:

(i) take or omit to take any action as to any matters which would alter or change the powers, preferences or special rights of the Series B Preferred adversely; or

(ii) take or omit to take any other action where the affirmative vote or consent of the holders of Series B Preferred, voting separately as a class, is required by law.

5. CONVERSION RIGHTS. The holders of Series B Preferred shall have conversion rights as follows:

(i) AUTOMATIC CONVERSION. Each share of Series B Preferred shall automatically be converted into shares of Common Stock at the then effective applicable Conversion Rate (as defined below) at the close of business on the date, if any, on which the requisite approval of stockholders for the authorization and issuance of such Common Stock required by the Nasdaq Marketplace Rules is obtained by the Corporation at a meeting of stockholders or, if the Corporation elects to obtain such approval by written consent of stockholders in lieu of a meeting, the first date on which such issuance may occur in compliance with the Securities Exchange Act of 1934, as amended, and the policies of Nasdaq (the "Stockholder Approval") as follows:

(a) All shares of Series B Preferred to be converted pursuant to this Section 5(i) shall be convertible into such number of fully-paid and non-assessable shares of Common Stock (calculated as to each conversion to the nearest 1/1000th of a share) as is determined by multiplying (x) the number of shares of Series B Preferred to be converted, TIMES (y) the then-applicable Conversion Rate for such shares.

(b) The conversion rate in effect from time to time for determining the number of shares of Common Stock into which each share of Series B Preferred may be converted (the "CONVERSION RATE") shall be equal to the quotient obtained by dividing (x) the Series B Issue Price by (y) the then applicable "CONVERSION PRICE" with respect to such shares of Series B Preferred. The initial Conversion Price for the Series B Preferred shall be $4.25. The Conversion Price shall be adjusted from time to time as provided in Section 5(iii) of this Certificate.

(ii) MECHANICS OF CONVERSION. No fractional shares of Common Stock shall be issued upon conversion of any shares of Series B Preferred. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the Fair Market Value (as defined above) of a share of Common Stock on the date of conversion. The outstanding shares of Series B Preferred shall be converted

automatically and immediately upon the Stockholder Approval without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; PROVIDED, HOWEVER, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon conversion pursuant to Section 5(i) unless the certificates evidencing such shares of Series B Preferred are either delivered to the Corporation or its transfer agent, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Corporation or its transfer agent to indemnify the Corporation from any loss incurred by it in connection with such certificates. The Corporation shall, as soon as practicable after such delivery, or such agreement and indemnification in the case of a lost certificate, issue and deliver at such office to such holder of Series B Preferred, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Common

Stock, as provided in this Section 5(ii). Such conversion shall be deemed to have been made at the close of business on the date of the Stockholder Approval, in accordance with Section 5(i), and thereafter the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock.

(iii) ANTI-DILUTION ADJUSTMENTS.

(a) ADJUSTMENTS FOR SPLITS, SUBDIVISIONS, COMBINATIONS OR CONSOLIDATIONS OF COMMON STOCK. In the event the outstanding shares of Common Stock shall be increased by stock split, subdivision or other similar transaction occurring at any time or from time to time after the Original Issue Date (as defined below) into a greater number of shares of Common Stock, the applicable Conversion Price then in effect shall, concurrently with the effectiveness of such event, be decreased in proportion to the percentage increase in the outstanding number of shares of Common Stock. In the event the outstanding shares of Common Stock shall be decreased by reverse stock split, combination, consolidation, or other similar transaction occurring at any time or from time to time after the Original Issue Date into a lesser number of shares of Common Stock, the applicable Conversion Price then in effect shall, concurrently with the effectiveness of such event, be increased in proportion to the percentage decrease in the outstanding number of shares of Common Stock. Any adjustment under this Section 5(iii)(a) shall become effective automatically at the close of business on the date the subdivision or combination becomes effective. "ORIGINAL ISSUE DATE" shall mean in the case of the Series B Preferred the date on which shares of Series B Preferred were first issued.

(b) ADJUSTMENTS FOR OTHER DISTRIBUTIONS. In the event the Corporation at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, any distribution payable in securities of the Corporation other than shares of Common Stock and other than as otherwise adjusted in this Section 5(iii), then and in each such event provision shall be made so that the holders of Series B Preferred shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Corporation which they would have received had their Series B Preferred been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 5(iii) with respect to the rights of the holders of Series B Preferred or with respect to such other securities by their terms.

(c) ADJUSTMENTS FOR RECAPITALIZATION, RECLASSIFICATION, EXCHANGE AND SUBSTITUTION. If at any time or from time to time after the Original Issue Date the Common Stock issuable upon conversion of the Series B Preferred is changed into the same or a different number of shares of any other class or classes of capital stock, whether by recapitalization, reclassification, or otherwise (other than a subdivision or combination of shares provided for in Section 5(iii)(a) above), the applicable Conversion Price then in effect shall, concurrently with the effectiveness of such recapitalization or reclassification, be proportionately adjusted such that the Series B Preferred shall be convertible into, in lieu of the number of shares of Common Stock

which the holders would otherwise have been entitled to receive, a number of shares of such other class or classes of capital stock equivalent to the number

of shares of Common Stock that would have been subject to receipt by the holders upon conversion of such Series B Preferred immediately before that change, all subject to further adjustment as provided for herein or with respect to such other securities by their terms.

(iv) NO IMPAIRMENT. The Corporation will not, by amendment of its Certificate or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but will at all times in good faith assist in the carrying out of all the provisions of this Article 5 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series B Preferred against impairment.

(v) CERTIFICATE AS TO ADJUSTMENTS. Upon the occurrence of each adjustment or readjustment of the applicable Conversion Price pursuant to this Article 5, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series B Preferred so affected a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. In addition, the Corporation shall, upon the written request of any holder of Series B Preferred so affected, furnish or cause to be furnished to such holder a like certificate setting forth (a) such adjustments and readjustments, (b) the applicable Conversion Price and Conversion Rate at the time then in effect, and (c) the number of shares of Common Stock and the type and amount, if any, of other property which at the time would be received upon the conversion of such shares of Series B Preferred.

(vi) ISSUE TAXES. The Corporation shall pay any and all issue and other taxes (other than income taxes) that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Series B Preferred pursuant hereto; PROVIDED, HOWEVER, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder in connection with any such conversion.

(vii) RESERVATION OF STOCK ISSUABLE UPON CONVERSION. Subject to the Stockholder Approval, the Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series B Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series B Preferred. The Corporation shall, from time to time, subject to and in accordance with applicable law, increase the authorized shares of Common Stock if at any time the number of authorized shares of Common Stock remaining unissued shall not be sufficient to permit the conversion at such time of all then outstanding shares of Series B Preferred.

(viii) STATUS OF REPURCHASED, REDEEMED OR CONVERTED STOCK. In the event any shares of Series B Preferred are repurchased or redeemed by the Corporation or are converted pursuant to this Article 5, such repurchased, redeemed or converted shares of Series B Preferred shall be canceled and retired by the Corporation and be restored to the status of authorized but

unissued shares of Preferred Stock, without designation as to class or series, and may thereafter be issued, as provided in the Certificate of Incorporation.

(ix) AGGREGATION AND LIMITATION ON ADJUSTMENTS. No adjustment of the Conversion Price shall be made unless such adjustment would require a change of at least $0.01; provided that any adjustments which by reason of this Section 5(ix) are not required to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with adjustments so carried forward, shall require a change of at least $0.01 in the Conversion Price then in effect hereunder.

6. REDEMPTION.

(i) REDEMPTION OF SERIES B PREFERRED. On or after the first anniversary of the Original Issue Date, in the event the Corporation has not obtained Stockholder Approval, the Corporation, at its option, may redeem the Series B Preferred Stock in whole at any time or in part from time to time, at a price per share of Series B Preferred (the "REDEMPTION PRICE") equal to the greater of (1) the sum of (x) the Series B Issue Price, plus (y) all dividends accrued and unpaid thereon to the date of redemption, plus (z) a premium equal to 10% of the Series B Issue Price, or (2) the product of (m) the Conversion Rate, times (n) the Fair Market Value of one share of Common Stock. The "REDEMPTION DATE" with resepct to any share of Series B Preferred shall be the date that is 10 days after the date of written notice given under this Section 6(i) by the holder of the Series B Preferred to be redeemed.

(ii) REDEMPTION NOTICE. Notice of such redemption, specifying the time and place of redemption, shall be sent by ordinary first class mail to each holder of the Series B Preferred at its last address as it shall appear on the stock transfer books of the Corporation (but no failure to mail such notice or any defects therein or in the mailing thereof shall affect the validity of the proceedings for such redemption).

(iii) REDEMPTION PRICE AND PRIORITY OF PAYMENT. If, on or before the redemption date specified in the notice (the "REDEMPTION DATE"), the Redemption Price for the shares of Series B Preferred called for redemption shall have been set aside by the Corporation, separate and apart from its other funds, in trust for the PRO RATA benefit of the holders of the shares called for redemption, so as to be, and continue to be, available for such holders, then, on and after the Redemption Date, notwithstanding that any certificate for shares of the Series B Preferred so called for redemption shall not have been surrendered for cancellation, the shares of Series B Preferred so called for redemption shall be deemed no longer to be outstanding, the dividends thereon shall cease to accrue, and all rights with respect to such shares of Series B so called for redemption shall forthwith at the close of business on the Redemption Date cease and terminate, except only the right of the holders thereof to receive the Redemption Price of the shares redeemed, without any interest thereon.

(iv) DIVIDENDS AFTER REDEMPTION DATE. No share of Series B Preferred is entitled to any dividends accuring after the date on which the Redemption Price of such share is fully paid. On such date of full payment, all rights of the holder of such share of Series B

Preferred shall cease, and such share of Series B Preferred shall be retired and deemed not to be outstanding.

7. RANKING. The shares of Series B Preferred shall rank upon liquidation and upon receipt of dividends senior and prior to the shares of Common Stock and the Corporation's Series A Junior Participating Preferred Stock, par value $0.01 per share. Any capital stock of any other class or classes or series shall be deemed to rank:

(i) senior and prior to the shares of Series B Preferred, to be "SENIOR SECURITIES," if the holders of such capital stock shall be entitled to the receipt of dividends or amounts paid or set aside for redemption, or the receipt of amounts distributable upon a Liquidation Event, as the case may be, in preference or priority to the holders of shares of Series B Preferred;

(ii) on a parity with the shares of Series B Preferred, to be "PARITY SECURITIES," if the holders of such capital stock shall be entitled to the receipt of dividends or amounts paid in or set aside for redemption, or the receipt of amounts distributable upon a Liquidation Event, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such capital stock and the holders of the shares of Series B Preferred; and

(iii) junior to the shares of Series B Preferred, to be "JUNIOR SECURITIES," if the holders of Series B Preferred shall be entitled to the receipt of dividends or of amounts paid in or set aside for redemption, or to the receipt of amounts distributable upon a Liquidation Event, as the case may be, in preference or priority to the holders of the shares of such class or classes or series of capital stock.

8. OUTSTANDING SHARES. For purposes of this Certificate, a share of Series B Preferred, when issued, shall be deemed outstanding except (i) from the date, or the deemed date, of conversion thereof in accordance with Article 5 hereof, (ii) from the date of registration of transfer of such share of Series B Preferred if it becomes held of record by the Corporation or any subsidiary of the Corporation and (iii) from the Redemption Date.

9. SEVERABILITY OF PROVISIONS. Whenever possible, each provision of this Certificate shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Certificate is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions hereof. If a court of competent jurisdiction should determine that a provision of this Certificate would be valid or enforceable if a period of time were extended or shortened or a particular percentage were increased or decreased, then such court may make such changes as shall be necessary to render the provision in question effective and valid under applicable law.

EXHIBIT 10.1

EXECUTION COPY

ASSET PURCHASE AGREEMENT

dated as of May 2, 2002

among

BUCKMIN INC.
CASUAL MALE CORP.
ELM EQUIPMENT CORP.
ISAB INC.
JBAK CANTON REALTY, INC.
JBI APPAREL INC.
JBI HOLDING COMPANY INC.
JBI INC.
LP INNOVATIONS INC.
MORSE SHOE INC.
MORSE SHOE INTERNATIONAL INC.
SPENCER COMPANIES INC.
TCM HOLDING COMPANY INC.
TCMB&T INC.
THE CASUAL MALE INC.
WHITE CAP FOOTWEAR, INC.
WGS CORP.

and

DESIGNS, INC.

TABLE OF CONTENTS

PAGE ARTICLE I DEFINITIONS Section 1.1 Defined Terms.....2
Section 1.2 Other Definitional Provisions.....8 ARTICLE II TRANSFER OF ASSETS AND LIABILITIES Section 2.1 Assets to be Sold.....8 Section 2.2 Excluded Assets.....10 Section 2.3 Liabilities to be Assumed by Buyer.....12 Section 2.4 Excluded Liabilities.....13 Section 2.5 Real Property Leases, Equipment Leases and Assumed Contracts.....14 Section 2.6 Warranties.....15
ARTICLE III CLOSING AND PURCHASE PRICE Section 3.1 Closing; Transfer of Possession; Certain Deliveries.....15 Section 3.2 Purchase Price.....16 Section 3.3 Adjustment Amount.....17 Section 3.4 Allocation of Purchase Price.....17 Section 3.5 Deposit.....17
Section 3.6 Additional Contracts.....17 Section 3.7 Additional Equipment Leases.....18 ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLERS Section 4.1 Organization and Good Standing.....18 Section 4.2 Execution and Effect of Agreement.....18 Section 4.3 No Contravention.....18
Section 4.4 Third Party Approvals.....19 Section 4.5 Subsidiaries.....19
Section 4.6 Securex Liabilities.....19
Section 4.7 Taxes.....19

Section 4.8 Compliance with Law....20
Section 4.9 Governmental Permits....20
Section 4.10 Securex Litigation....20
Section 4.11 Real Estate; Real Property Leases....20
Section 4.12 Contracts....20
Section 4.13 Intellectual Property....20
Section 4.14 Labor Matters....21
Section 4.15 Employee Benefits....21
Section 4.16 Insurance....21
Section 4.17 Brokers and Finders....21
Section 4.18 Financial Statements....22
Section 4.19 Mortgage....22

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Section 5.1 Organization and Good Standing....22
Section 5.2 Execution and Effect of Agreement....22
Section 5.3 No Contravention....22
Section 5.4 Third Party Approvals....23
Section 5.5 Brokers and Finders....23
Section 5.6 Funds....23
Section 5.7 Organizational Documents....23
Section 5.8 Investigation and Evaluation....23

ARTICLE VI

COVENANTS OF THE PARTIES

Section 6.1 Conduct of Business....23
Section 6.2 Access....25
Section 6.3 Public Announcements....25
Section 6.4 Reasonable Efforts....25
Section 6.5 Notification of Certain Matters....26
Section 6.6 Employees....26
Section 6.7 Further Assurances....27
Section 6.8 Further Agreements....27
Section 6.9 Payment of Transfer Taxes and Tax Filings....27
Section 6.10 Utilities and Bank Accounts....28
Section 6.11 Proration of Taxes and Certain Charges....28
Section 6.12 Bulk Sales....28
Section 6.13 [Reserved.]....29
Section 6.14 [Reserved.]....29
Section 6.15 Insurance Deductibles....29
Section 6.16 Lease/Contract Rejection Options....29

Section 6.17 Regulatory Approval....30
Section 6.18 Avoidance Action....30
Section 6.19 Limited License....31
Section 6.20 Work `n Gear....31
Section 6.21 Real Property Leases....31
Section 6.22 Continued Employee Loans....31
Section 6.23 Consent Fees....31

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF THE PARTIES

Section 7.1 Conditions Precedent to Obligations of All Parties....31
Section 7.2 Conditions Precedent to the Obligations of Buyer....32
Section 7.3 Conditions Precedent to the Obligations of Sellers....33

ARTICLE VIII

TERMINATION

Section 8.1 Termination of Agreement....34
Section 8.2 No Liabilities in Event of Termination....35
Section 8.3 Treatment of Cash Deposit Upon Termination....35
Section 8.4 [Reserved.]....35
Section 8.5 Abandonment....35

ARTICLE IX

INDEMNIFICATION

Section 9.1 No Survival of Representations and Warranties.....35
Section 9.2 Indemnification.....36

ARTICLE X

MISCELLANEOUS

Section 10.1 Expenses.....38
Section 10.2 Assignment.....38
Section 10.3 Parties in Interest.....38
Section 10.4 Notices.....39
Section 10.5 CHOICE OF LAW.....40
Section 10.6 Entire Agreement; Amendments and Waivers.....40
Section 10.7 Counterparts.....40
Section 10.8 Severability.....40
Section 10.9 Headings.....40

Section 10.10 EXCLUSIVE JURISDICTION.....41
Section 10.11 WAIVER OF RIGHT TO TRIAL BY JURY.....41
Section 10.12 Specific Performance.....41
Section 10.13 Third-Party Beneficiaries.....41
Section 10.14 Schedules.....41
Section 10.15 Counting.....42
Section 10.16 Service of Process.....42
Section 10.17 Time of Essence.....42
Section 10.18 Exhibits and Schedules.....42
Section 10.19 Interpretation.....42
Section 10.20 Preparation of this Agreement.....42
Section 10.21 Power of Attorney.....43
Section 10.22 WGS Assets.....43

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "AGREEMENT") is dated as of May 2, 2002 by and among Buckmin Inc., a Massachusetts corporation ("BI"), Casual Male Corp. (f/k/a J. Baker, Inc.), a Massachusetts corporation ("CMC"), Elm Equipment Corp., a Massachusetts corporation ("EEC"), ISAB Inc., a Delaware corporation ("ISAB"), JBI Apparel Inc., a Massachusetts corporation ("JBIA"), JBI Holding Company Inc., a Delaware corporation ("JBIH"), JBI Inc., a Massachusetts corporation ("JBI"), LP Innovations Inc., a Massachusetts corporation ("LPI"), Morse Shoe Inc., a Delaware corporation ("MSI"), Morse Shoe International Inc., a Delaware corporation ("MSII"), Spencer Companies Inc., a Massachusetts corporation ("SCI"), TCM Holding Company Inc., a Delaware corporation ("TCMH"), TCMB&T Inc., a Massachusetts corporation ("TCMB"), The Casual Male Inc., a Massachusetts corporation ("CMI"), White Cap Footwear, Inc., a Delaware corporation ("WCF"), JBAK Canton Realty, Inc., a Massachusetts corporation ("JBAK CANTON"), and WGS Corp., a Massachusetts corporation (all of the foregoing entities, each a "SELLER" and collectively, "SELLERS"), and Designs, Inc., a Delaware corporation ("BUYER").

W I T N E S S E T H:

WHEREAS, CMC, through its direct and indirect operating subsidiaries other than WGS Corp. ("WGS" or "WORK 'N GEAR"), is presently engaged, (i) through its Casual Male Big & Tall, Repp Ltd. Big & Tall/Casual Male Premier and B&T Factory Store businesses, in the sale of apparel to the big and tall man through diverse selling and marketing channels, including retail stores, catalogue, direct selling workforces and e-commerce web-sites and (ii) through LPI (including Securex), in providing loss prevention services (the foregoing ((i) and (ii)) is collectively referred to hereinafter as the "BUSINESS");

WHEREAS, each of BI, CMC, EEC, ISAB, JBIA, JBIH, JBI, LPI, MSI, MSII, SCI, TCMH, TCMB, CMI and WCF commenced a case (each, a "CASE" and, collectively, the "CASES") under chapter 11 of title 11 of the United States Code, 11 U.S.C. Sections 101 ET SEQ. (the "BANKRUPTCY CODE") on May 18, 2001 by filing a voluntary petition with the United States Bankruptcy Court for the Southern District of New York (the "BANKRUPTCY COURT");

WHEREAS, the sale of assets and assumption of liabilities of

the Business are subject to the supervision and control of Sellers subject to the approval of the Bankruptcy Court;

WHEREAS, subject to the terms and conditions of this Agreement, Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, substantially all of the assets of Sellers related to the Business (other than the Excluded Assets (as hereinafter defined)), and enter into the other transactions set forth herein pursuant to, INTER ALIA, Sections 363 and 365 of the Bankruptcy Code and the applicable Federal Rules of Bankruptcy Procedure; and

WHEREAS, Sellers desire that Buyer assume, and Buyer has agreed to assume, certain liabilities of Sellers related to the Business to the extent set forth herein and in the Assignment and Assumption Agreement (as hereinafter defined).

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions hereof, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 DEFINED TERMS. As used herein, the terms below shall have the following respective meanings:

"ADDITIONAL CONTRACTS" shall have the meaning ascribed to such term in Section 3.6.

"ADDITIONAL DEPOSIT" shall have the meaning ascribed to such term in Section 3.5.

"ADDITIONAL EQUIPMENT LEASES" shall have the meaning ascribed to such term in Section 3.7.

"ADJUSTMENT AMOUNT" shall have the meaning ascribed to such term in Section 3.3.

"AFFILIATE" shall have the meaning set forth in Section 101 of the Bankruptcy Code.

"AGREEMENT" shall mean this Agreement (together with all schedules and exhibits referenced herein).

"ALLOCATION SCHEDULE" shall have the meaning ascribed to such term in Section 3.4.

"APPROVAL ORDER" shall have the meaning ascribed to such term in Section 7.1(b).

"ASSETS" shall have the meaning ascribed to such term in Section 2.1.

"ASSIGNMENT AND ASSUMPTION AGREEMENT" shall have the meaning ascribed to such term in Section 3.1(c)(ii).

"ASSUMED CONTRACTS" shall have the meaning ascribed to such term in Section 2.1(e).

"ASSUMED LIABILITIES" shall have the meaning ascribed to such term in Section 2.3.

"ASSUMED MORTGAGE" shall mean the mortgage made by JBAK Canton Realty, Inc. to The Chase Manhattan Bank, dated as of December 30, 1996, encumbering the Owned Real Property.

"AUCTION" shall mean the auction concluded on May 2, 2002 at the offices of Cadwalader, Wickersham & Taft, pursuant to the Scheduling Order.

"AVOIDANCE ACTIONS" shall have the meaning ascribed to such term in Section 2.2(e).

"BANKRUPTCY CODE" shall have the meaning ascribed to such term in the Recitals.

"BANKRUPTCY COURT" shall have the meaning ascribed to such term in the

Recitals.

"BENEFIT PLANS" shall have the meaning ascribed to such term in Section 4.15(a).

"BUSINESS" shall have the meaning ascribed to such term in the Recitals.

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday or a legal holiday on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"BUYER" shall have the meaning ascribed to such term in the Recitals.

"CANTON REAL PROPERTY LEASE" shall have the meaning ascribed to such term in Section 2.1(a).

"CASE" or "CASES" shall have the meaning ascribed to each such term in the Recitals.

"CASH DEPOSIT" shall have the meaning ascribed to such term in Section 3.5.

"CLAIMS" shall have the meaning ascribed to such term in Section 2.2(e).

"CLOSING" shall have the meaning ascribed to such term in Section 3.1(a).

"CLOSING DATE" shall have the meaning ascribed to such term in Section 3.1(a).

"CODE" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"COMMONLY CONTROLLED ENTITY" shall have the meaning ascribed to such term in Section 4.15(b).

"CONTINUED EMPLOYEE LOANS" shall have the meaning ascribed to such term in Section 2.1(g).

"CONTINUED EMPLOYEES" shall have the meaning ascribed to such term in Section 6.6(a).

"CONTRACT" shall mean any mortgage, bond, indenture, lease, agreement, contract, contract right, purchase order, obligation, trust, instrument and other similar arrangements.

"CONTRACT REJECTION DESIGNATION" shall have the meaning ascribed to such term in Section 6.16(b).

"CONTRACT REJECTION OPTION" shall have the meaning ascribed to such term in Section 6.16(b).

"CURE AMOUNTS" shall mean the amounts, as determined by the Bankruptcy Court, if any, necessary to cure all defaults, if any, and to pay all actual or pecuniary losses that have resulted from such defaults under the Real Property Leases, the Equipment Leases and the Assumed Contracts as and to the extent required under Section 365(b) of the Bankruptcy Code.

"DAMAGES" shall have the meaning ascribed to such term in Section 9.2(a).

"DELAYED ASSUMED MORTGAGE DATE" shall have the meaning ascribed to such term in Section 2.3(m).

"DIP FACILITY" shall mean that certain Debtor in Possession Loan and Security Agreement, dated May 18, 2001, as amended, among CMC, the other Borrowers named therein, Fleet Retail Finance Inc., as Administrative and Collateral Agent, Back Bay Capital Funding LLC and the Revolving Credit Lenders named therein.

"EMPLOYEE PAYMENTS" shall have the meaning ascribed to such term in Section 2.3(n).

"EMPLOYEES" shall have the meaning ascribed to such term in Section 6.6(a).

"EQUIPMENT" shall have the meaning ascribed to such term in Section 2.1(c).

"EQUIPMENT LEASES" shall have the meaning ascribed to such term in Section 2.1(b).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"ERISA AFFILIATE" shall have the meaning ascribed to such term in Section 2.4(f).

"EXCLUDED ASSETS" shall have the meaning ascribed to such term in Section 2.2.

"EXCLUDED LIABILITIES" shall have the meaning ascribed to such term in Section 2.4.

"FILED" shall mean filed, issued, renewed or the subject of a pending application.

"GAAP" shall mean United States generally accepted accounting principles.

"GOVERNMENTAL DIRECTIVE" shall have the meaning set forth in Section 4.8.

"GOVERNMENTAL ENTITY" shall mean any (i) federal, state, local, municipal, foreign or other government; (ii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court, arbitrator or other tribunal); or (iii) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, including any arbitral tribunal.

"GRANTOR" shall have the meaning ascribed to such term in Section 10.20.

"HSR ACT" shall mean Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"INDEMNIFIED PARTY" shall have the meaning ascribed to such term in Section 9.2(c).

"INDEMNIFYING PARTY" shall have the meaning ascribed to such term in Section 9.2(c).

"INITIAL DEPOSIT" shall have the meaning ascribed to such term in Section 3.5.

"INTELLECTUAL PROPERTY" shall mean all foreign and domestic trademarks, service marks and other indicia of origin, and all goodwill associated therewith and symbolized thereby, all inventions (whether patentable or not) and patents, all trade secrets and know-how, all published and unpublished works of authorship (whether copyrightable or not) and copyrights therein and thereto, any registrations and applications for the foregoing, and all other intellectual property rights therein.

"INVENTORY" shall have the meaning ascribed to such term in Section 2.1(f).

"KNOWLEDGE" with respect to any individual, shall mean the actual knowledge of such individual. The "Knowledge of Sellers" shall mean the Knowledge of the persons set forth on SCHEDULE 1.1.

"LAW" means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, principle of common law, judgment enacted, promulgated, issued, enforced or entered by any Governmental Entity, or other requirement or rule of law.

"LEASE REJECTION DESIGNATION" shall have the meaning ascribed to such term in Section 6.16(a).

"LEASE REJECTION OPTION" shall have the meaning ascribed to such term in Section 6.16(a).

"LIABILITIES" shall mean, as to any Person, all debts, adverse claims, liabilities, commitments, responsibilities, and obligations of any kind or nature whatsoever, direct, indirect, absolute or contingent, of such Person, whether accrued, vested or otherwise, whether known or unknown, and whether or not actually reflected, or required to be reflected, in such Person's balance sheets or other books and records.

"LIEN" shall mean any claim, pledge, option, charge, hypothecation, easement, security interest, right-of-way, encroachment, mortgage, deed of trust or other encumbrance.

"MATERIAL ADVERSE EFFECT" shall mean any event, change or effect which materially and adversely affects the value of the Assets or the Business taken as a whole, other than events, changes or effects generally affecting (a) the United States economy (other than as a result of an act of war) or (b) either of the industries in which any Seller operates.

"NOTICE" shall have the meaning ascribed to such term in Section 9.2(c).

"ORDER" shall mean any judgment, order, injunction, writ, ruling, verdict, decree, stipulation or award of any Governmental Entity or private arbitration tribunal.

"OUTSIDE DATE" shall have the meaning ascribed to such term in Section 8.1(b).

"OWNED INTELLECTUAL PROPERTY" shall mean Intellectual Property owned by a Seller.

"OWNED REAL PROPERTY" shall mean that certain property located at 555 Turnpike Street, Canton, Massachusetts 02021.

"PERMITS" shall have the meaning ascribed to such term in Section 2.1(d).

"PERSON" shall mean an individual, a partnership, a joint venture, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization, a joint stock company, a labor union, an estate, a Governmental Entity or any other entity.

"POST-PETITION" shall mean any time after the commencement of the Cases.

"PROCEEDING" shall mean any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Entity or arbitrator.

"PROFESSIONAL EXPENSES" shall mean the legal and other professional fees of Sellers' estates in connection with the Cases (including professionals for each Seller and for the committee of unsecured creditors).

"PURCHASE PRICE" shall have the meaning ascribed to such term in Section 3.2.

"REAL PROPERTY LEASES" shall have the meaning ascribed to such term in Section 2.1(a).

"REJECTED CONTRACTS" shall have the meaning ascribed to such term in Section 6.16(b).

"REJECTED LEASES" shall have the meaning ascribed to such term in Section 6.16(a).

"REJECTED STORE INVENTORY" shall have the meaning ascribed to such term in Section 6.16(a).

"REJECTED STORE INVENTORY REMOVAL DEADLINE" shall have the meaning ascribed to such term in Section 6.16(a).

"REJECTED STORE VACATE DATE" shall have the meaning ascribed to such term in Section 6.16(a).

"REJECTED STORES" shall have the meaning ascribed to such term in Section 6.16(a).

"REPRESENTATIVE" shall mean, with respect to any Person, such Person's officers, directors, employees, agents and representatives (including any investment banker, financial advisor, accountant, legal counsel, agent, representative or expert retained by or acting on behalf of such Person or its subsidiaries).

"SALE HEARING" shall mean the hearing to be scheduled and conducted by the Bankruptcy Court to consider approval and entry of the Approval Order.

"SALE MOTION" shall mean the motion or motions of Sellers, in form and substance reasonably satisfactory to Buyer, seeking approval and entry of the Scheduling Order and the Approval Order.

"SCHEDULING ORDER" shall mean the Order of the Bankruptcy Court entered on April 4, 2002, containing the Auction procedures.

"SECUREX" shall mean Securex LLC, a Delaware limited liability company.

"SELLER" or "SELLERS" shall have the meaning ascribed to each such term in the Recitals.

"STORES" shall mean all of the stores of Sellers listed on SCHEDULE A attached hereto.

"SUBSIDIARY" shall mean, with respect to any Person at any time, any corporation, partnership, limited liability company or other legal entity of which such Person owns, directly or indirectly, 50% or more of the economic interests in, or voting rights with respect to the election of the board of directors or other governing body of, such corporation or other legal entity.

"TAX" or "TAXES" shall mean any federal, state, county, local, foreign and other taxes, assessments, duties or charges of any kind whatsoever, including, without limitation, income, profits, gains, net worth, sales and use, ad valorem, gross receipts, business and occupation, license, minimum, alternative minimum, environmental, estimated, stamp, custom duties, occupation, property (real or personal), franchise, capital stock, license, excise, value added, payroll, employees, income withholding, social security, unemployment or other tax, together with any penalty, addition to tax or interest on the foregoing.

"TAX RETURN" shall have the meaning ascribed to such term in Section 4.7.

"TRANSFER TAX" or "TRANSFER TAXES" shall mean any federal, state, county, local, foreign and other sales, use, transfer, conveyance, documentary transfer, recording or other similar Tax, fee or charge imposed upon the sale, transfer or assignment of property or any interest therein or the recording thereof, and any penalty, addition to Tax or interest with respect thereto, but such term shall not include any Tax on, based upon or measured by, the net income, gains or profits from such sale, transfer or assignment of the property or any interest therein.

"WARN ACT" shall mean the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any successor Law, and the rules and regulations thereunder and under any successor Law.

Section 1.2 OTHER DEFINITIONAL PROVISIONS.

(a) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both singular and plural forms of such terms.

ARTICLE II

TRANSFER OF ASSETS AND LIABILITIES

Section 2.1 ASSETS TO BE SOLD. Subject to Section 2.2, the other provisions of this Agreement and the Approval Order, at the Closing, Sellers shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase, acquire, and accept, the following assets used or held for use by Sellers in the conduct of the Business (collectively, the "ASSETS"):

(a) Sellers' rights in, to and under (i) the real estate leases or subleases and all amendments thereto used in the Business set forth in SCHEDULE 2.1(a) under which any Seller is a lessor or lessee or sublessor or sublessee of real property relating to the operation of the Stores, and (ii) the Lease Agreement, dated December 11, 1996 (the "CANTON REAL PROPERTY LEASE"), by and between JBAK Canton, as landlord, and JBI, as tenant, demising the Owned Real Property (collectively, the "REAL PROPERTY LEASES");

(b) Sellers' rights in, to and under the equipment leases used in the

Business including those set forth in SCHEDULE 2.1 (b) (collectively, the "EQUIPMENT LEASES");

(c) The furniture, fixtures, equipment, supplies and other tangible personal property owned by Sellers used in the Stores (collectively, the "EQUIPMENT"), and all warranties, if any, express or implied, existing for the benefit of any Seller in connection with the Equipment, to the extent such warranties are transferable at no expense to Sellers;

(d) All licenses, permits, franchises and other authorizations of any Governmental Entity relating to the Assets and to the operation of the Business including those listed on SCHEDULE 2.1(d) (collectively, the "PERMITS"), to the extent transferable or assignable and, in the case of non-material Permits, to the extent transferable or assignable at no expense to Sellers;

(e) All Contracts and rights thereunder of any Seller, including Inventory and non-Inventory purchase orders for the benefit of any Seller, listed on SCHEDULE 2.1(e), and that certain Transition Services Agreement, dated as of March 11, 2002, by and between WGS and Sandy Point, LLC attached hereto as EXHIBIT B (collectively, the "ASSUMED CONTRACTS"), to the extent transferable or assignable and, in the case of non-material Assumed Contracts, to the extent transferable or assignable at no expense to Sellers (other than Cure Amounts as provided herein);

(f) The merchandise inventory relating exclusively to the Business held for sale by Sellers (i) located in Sellers' Stores, (ii) located in Sellers' distribution center, (iii) in-transit on the Closing Date to Sellers' distribution center and (iv) in-transit on the Closing Date to Sellers' Stores from Sellers' distribution center or from Sellers' other Stores (collectively, the "Inventory"), and all warranties, if any, express or implied, existing for the benefit of Sellers in connection with the Inventory, to the extent such warranties are transferable;

(g) All cash in the cash registers at all Stores after the close of business on the day prior to the Closing Date (and in no event less than $400 per Store), subject to Section 6.1(b), and all loans owed to any Seller from any Continued Employee all of which are listed on SCHEDULE 2.1(g) (such loans, the "CONTINUED EMPLOYEE LOANS");

(h) All books, records, files or papers of Sellers, whether in hard copy or computer format, relating to the Assets or to the on-going operation of the Business consistent with past practices (or an accurate copy thereof), including, sales and promotional literature, manuals and data, sales and purchase correspondence, customer lists, vendor lists, mailing lists, catalogues, research material, URLs, know-how, specifications, designs, drawings, processes and quality control data, if any, or any other intangible property and applications for the same, in the case of non-material Assets to the extent transferable at no expense to Sellers;

(i) All of Sellers' right, title or interest to all Intellectual Property owned by Sellers and necessary to operation of the Business as presently conducted, including the Intellectual Property listed on SCHEDULE 2.1(i);

(j) All membership interests in Securex;

(k) All furniture, fixtures or equipment used for the Business by Sellers in their warehousing, distribution, headquarters or catalogue and e-commerce call and fulfillment facilities used in the Business;

(l) All assets and any rights under any Benefit Plan, including Sellers' pension plans and supplemental retirement plans, or any agreement relating to employee benefits, employment or compensation of Sellers or their respective employees, but only to the extent such Benefit Plans (including related agreements) are assumed by Buyer hereunder,

(m) All insurance policies, insurance claims and proceeds set forth in SCHEDULE 2.1(m); PROVIDED, HOWEVER, that Buyer shall cause each Seller to be named and maintained as an additional insured under such insurance policies until the close of the Cases, subject to Section 6.15;

(n) (i) Any security, vendor, utility or other deposits, including any security deposits given in favor of lessors of real property, (ii) any rights to receive from such lessors unpaid construction allowances, (iii) any prepaid expenses in excess of actual expenses from whatever source, and (iv) any other cash due and owing any Seller in respect of such leases owed to Seller by such lessor prior to the Closing Date; PROVIDED, HOWEVER, that the foregoing shall

not apply to any deposits or claims with respect to any real property, Real Property Leases or Contracts that are not acquired by Buyer hereunder;

(o) All rights with respect to the bank accounts (other than the cash in such bank accounts) of each Seller used by the Stores, to the extent transferable at no expense to Sellers;

(p) All marketing materials and works-in-progress, and all related prepaid expenses, for use in the Business after the Closing;

(q) All contractual, prepaid or other rights of any Seller to maintenance and/or upgrades of the software for which any Seller has a license as set forth on Schedule 2.1(i), to the extent transferable or assignable at no expense to Sellers;

(r) Specified assets of Work 'n Gear set forth on SCHEDULE 2.1(r);

(s) All assets, including prepaid expenses, contracts, leases and agreements, directly and indirectly materially related to the operations of the Business on an on-going basis as historically operated, and not otherwise explicitly enumerated in Section 2.2;

(t) All amounts due to any Seller with respect to Inventory on lay-away;

(u) The Owned Real Property; and

(v) All goodwill related to the foregoing.

Section 2.2 EXCLUDED ASSETS. Sellers shall retain, and Buyer shall not purchase, any of Sellers' right, title or interest in or to any assets or properties of Sellers that are not expressly enumerated in Section 2.1 (subject to Section 2.1(s)), including, without limitation, any of Sellers' right, title or interest in or to any of the following (collectively, the "EXCLUDED ASSETS"), all of which shall remain the exclusive property of Sellers free and clear of any Claim of Buyer:

(a) All cash (whether in bank accounts or otherwise) and cash equivalents or similar type investments, uncollected checks, certificates of deposit, Treasury bills and other marketable securities, except for cash described in Section 2.1(g);

(b) Loans owed to any Seller by any Employee (other than any Continued Employee) or director of any Seller;

(c) All assets of WGS and the business known as "Work 'N Gear" sold pursuant to that certain Asset Purchase Agreement, dated as of March 11, 2002, by and between WGS and Sandy Point, LLC, except those assets set forth on SCHEDULE 2.1(r);

(d) Any Contracts other than the Assumed Contracts, the Equipment Leases or the Real Property Leases;

(e) All rights, demands, claims, actions and causes of action (collectively, the "CLAIMS") that any Seller or any of their Affiliates may have against any third party, including any Governmental Entity, for causes of action based on Chapter 5 of the Bankruptcy Code (collectively, the "AVOIDANCE ACTIONS");

(f) All Claims that any Seller or any of their Affiliates may have against any third party (including Governmental Entities) for refund or credit of any type with respect to Taxes accrued with respect to periods ending on or prior to the Closing Date;

(g) All Claims which any Seller or any of their Affiliates may have against any third Person with respect to any Excluded Assets or otherwise arising prior to the Closing Date;

(h) All Claims (other than warranty Claims covering Equipment included in Section 2.1(c) or covering Inventory included in Section 2.1(f)) which any Seller or any of their Affiliates may have against any Person with respect to any Asset;

(i) All insurance policies, insurance claims and proceeds set forth in SCHEDULE 2.2(i);

(j) All rights of any Seller under this Agreement and the agreements and instruments delivered to Sellers by Buyer pursuant to this Agreement;

(k) Any amounts due to any Seller from retail customers of any Seller

for products sold to retail customers prior to the Closing Date (whether such amounts are due directly from retail purchasers of products, from credit card processors, or from a licensor that has collected such amounts for subsequent disbursement to Sellers pursuant to an Assumed Contract, or otherwise), except any amounts due to any Seller with respect to Inventory on layaway;

(l) Accounts receivable owned by any Seller as of the Closing Date (other than as set forth in Section 2.1(t)), including any receivable arising out of the conduct of the Business prior to the Closing Date;

(m) All capital stock of, and all membership interests in, any Seller;

(n) All rights with respect to bank accounts other than Store bank accounts listed on SCHEDULE 2.1(o); and

(o) All board minutes and other documents not relating to the operation of the Business on an on-going basis as historically operated prior to the Closing.

Section 2.3 LIABILITIES TO BE ASSUMED BY BUYER. Upon the transfer of the Assets on the Closing Date, Buyer shall assume and pay when due and discharge the following Liabilities (collectively, the "ASSUMED LIABILITIES"):

(a) Liabilities arising out of the ownership of the Assets and the operation of the Business by Buyer or any other Person, including, without limitation, Liability for personal injury of customers or employees, but only to the extent that the event or state of facts giving rise to such Liability occurs after the Closing;

(b) Liabilities, other than Cure Amounts, under the Real Property Leases assumed under this Agreement arising from and after the Closing, but only to the extent that the event or state of facts giving rise to such Liability occurs after the Closing;

(c) Liabilities, other than Cure Amounts, under the Assumed Contracts, but only to the extent that the event or state of facts giving rise to such Liability occurs after the Closing;

(d) Liabilities, other than Cure Amounts, under the Equipment Leases, but only to the extent that the event or state of facts giving rise to such Liability occurs after the Closing;

(e) Liabilities under accounts payable related to the Business, together with any interest accrued thereon, including, without limitation, any post-petition Liability (other than Professional Expenses) incurred by any Seller in the ordinary course of business which remains unpaid on the Closing Date in the ordinary course of business (including any uncleared checks to be listed on a schedule provided by Sellers to Buyer on the Closing Date). Notwithstanding the foregoing, Buyer shall assume Liabilities under (i) accounts payable related to the in-transit Inventory whether such Liabilities occur before or after the Closing and (ii) purchase orders for Inventory and non-Inventory items listed on SCHEDULE 2.1(e);

(f) Liabilities related to employment of any Continued Employees, including the termination of Continued Employees, occurring or existing after the Closing, including, without limitation, liabilities of Buyer as set forth in Section 6.6;

(g) Liabilities for accrued vacation time, bonus or other incentive compensation payments payable to Continued Employees after the Closing Date but earned in whole or in part prior to the Closing Date as set forth in SCHEDULE 2.3(g), or incurred or accrued in the ordinary course after the date hereof;

(h) Except as provided for in Section 2.4(f), Liabilities under any Benefit Plan, including Sellers' pension plans and supplemental retirement plans or any agreement relating to employee benefits, employment or compensation of any Seller or its respective employees;

(i) [Reserved];

(j) [Reserved];

(k) Liabilities of any Seller for replacement of, or refund for, damaged, defective or other returned products or of warranty, products liability, safety, advertising or other claims in respect to the Inventory, but only to the extent that the event or state of facts giving rise to such Liability occurs after the Closing;

(l) Liabilities for non-prepaid expenses for the benefit of the Business, but only to the extent that the event or state of facts giving rise to such Liability occurs or continues to exist after the Closing; PROVIDED, HOWEVER, that such expenses shall be substantially as set forth in the marketing plan and budget attached hereto as SCHEDULE 2.3(l);

(m) Liabilities related to the Assumed Mortgage; PROVIDED, HOWEVER, in the event that the consents required to assign the Assumed Mortgage to Buyer pursuant to that certain Mortgage and Security Agreement, dated as of December 30, 1996, by and between JBAK Canton, as mortgagor, and The Chase Manhattan Bank, as mortgagee, have not been obtained on or prior to the Closing Date, then Buyer shall not assume the Liabilities under the Assumed Mortgage or acquire ownership of the Owned Real Property until the earlier of (i) the date that such consents are obtained, or (ii) the date that is ninety (90) days after the Closing Date ("DELAYED ASSUMED MORTGAGE DATE"); PROVIDED FURTHER, HOWEVER, between the Closing Date and the Delayed Assumed Mortgage Date, in addition to paying all obligations under the Canton Real Property Lease, Buyer shall reimburse Sellers for any other obligations payable under the Assumed Mortgage or the Note (as defined in the Assumed Mortgage) during such period;

(n) Liabilities related to stay bonuses of any Employee payable by any Seller as previously disclosed in writing to Buyer via facsimile transmission on April 10, 2002 (the "EMPLOYEE PAYMENTS");

(o) Liabilities related to severance payments of any Employee payable by any Seller as previously disclosed in writing to Buyer via facsimile transmission on April 10, 2002; and

(p) Liabilities relating to any prepayment penalties payable by any Seller as a result of any repayment of amounts under Tranche A and Tranche B of the DIP Facility but not any Liabilities with respect to Tranche C of the DIP Facility.

Section 2.4 EXCLUDED LIABILITIES. Except as otherwise set forth in this Agreement, Buyer shall not assume, and shall be deemed not to have assumed, any Liabilities except for the Assumed Liabilities, and Sellers shall be solely and exclusively liable with respect to all Liabilities of Sellers other than the Assumed Liabilities (collectively, the "EXCLUDED LIABILITIES"), including, but not limited to, those Liabilities set forth below:

(a) Any Liabilities which arise, whether before, on or after the Closing, out of, or in connection with, the Excluded Assets;

(b) Any Liabilities under the Assumed Contracts, to the extent that the event or state of facts giving rise to such Liability does not occur after the Closing; PROVIDED, HOWEVER,

Buyer shall assume Liabilities relating to any Inventory ordered by any Seller that has not arrived prior to the Closing Date;

(c) Except as set forth in Section 2.3, any Liabilities under the Equipment Leases or the Real Property Leases, to the extent that the event or state of facts giving rise to such Liability does not occur after the Closing;

(d) Any Liabilities arising out of, or in connection with, any Proceedings arising out of the operation of the Business, to the extent that the event or state of facts giving rise to such Liability does not occur after the Closing;

(e) Any Liabilities arising out of or in connection with any indebtedness of any Seller or any of its Affiliates to their lenders or to their vendors of goods and services delivered or furnished to any Seller that does not occur or continue to exist after the Closing, except as otherwise provided in this Agreement (including Section 2.3(e));

(f) Except for Liabilities set forth in Section 2.3, any Liabilities attributable to, incurred in connection with, arising from, or relating to, any collective bargaining agreement, or any bonus, incentive, deferred compensation, medical, health, life or other insurance, welfare, fringe benefit, retention, consulting, change of control, employment, stock option, stock appreciation right, stock purchase, phantom stock or other equity-based, performance, pension, retirement or any other incentive, compensation or benefit plan, program, policy, agreement or arrangement (including, but not limited to, any "employee benefit plan" as defined in Section 3(3) of ERISA), sponsored, maintained, contributed to or required to be contributed to at any time by Sellers or any trade or business which together with Sellers would be deemed (or at any time would have been) a "single employer" within the meaning of Section 4001 of ERISA (each, an "ERISA AFFILIATE"), for the benefit of any current or former employee, officer, director, agent or consultant of Sellers, or of any

ERISA Affiliate, whether formal or informal and whether legally binding or not, to the extent that the event or state of facts giving rise to such Liability occurs solely before the Closing Date or does not continue to exist after the Closing Date;

(g) Any Liabilities for income Taxes of Sellers and any other Taxes of Sellers (other than Transfer Taxes, Liabilities for which are provided for in Section 6.9), including, but not limited to, all Taxes attributable to, incurred in connection with or arising out of the operation of the Business which are attributable to any period ending on or before the Closing Date, including those which are not due or assessed until after the Closing Date;

(h) Any Liabilities of Sellers for replacement of, or refund for, damaged, defective or other returned products or of warranty, products liability, safety, advertising or other claims in respect to the Inventory, but only to the extent that the event or state of facts giving rise to such Liability does not occur or continue to exist after the Closing; and

(i) Liabilities under the DIP Facility except as provided in Section 2.3(p).

Section 2.5 REAL PROPERTY LEASES, EQUIPMENT LEASES AND ASSUMED CONTRACTS. Without limitation on Buyer's obligations to cooperate in seeking approval of the Bankruptcy Court for this Agreement, Buyer shall use its best efforts to establish and satisfy the requirements

of adequate assurance of future performance for the assignment of all executory contracts and unexpired leases, including without limitation, Assumed Contracts, Equipment Leases and Real Property Leases, to be assigned to Buyer under this Agreement.

Section 2.6 WARRANTIES. To the extent the Closing occurs, the Assets will be sold to Buyer, and Buyer hereby acknowledges and agrees that the Assets will be sold, "AS IS, WHERE IS", REGARDLESS OF THE CONDITION OF THE ASSETS AND WHETHER BUYER HAS INSPECTED AND EXAMINED THEM, AND EACH SELLER EXPRESSLY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTIES WITH RESPECT THERETO, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO EACH OF THE ASSETS. Buyer acknowledges that the representations and warranties set forth herein shall not survive the Closing.

ARTICLE III

CLOSING AND PURCHASE PRICE

Section 3.1 CLOSING; TRANSFER OF POSSESSION; CERTAIN DELIVERIES.

(a) Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Article VIII hereof, the closing of the transactions contemplated herein (the "CLOSING") shall take place at 10:00 a.m. (eastern standard time) on a date (the "CLOSING DATE") to be mutually agreed upon by the parties, which date shall not be later than the third Business Day after all the conditions set forth in Article VII hereof (excluding, but subject to the satisfaction or waiver of, conditions that, by their nature, cannot be satisfied prior to the Closing Date) shall have been satisfied or waived, unless another time or date is agreed to in writing by the parties. The Closing shall be held at the offices of Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022, unless otherwise mutually agreed to by the parties.

(b) AT THE CLOSING, SELLERS SHALL DELIVER, OR SHALL CAUSE TO BE DELIVERED, TO BUYER:

(i) Such bills of sale, endorsements, assignments, and other good and sufficient instruments of transfer and conveyance reasonably necessary to vest in Buyer all of Sellers' interest in and title to the Assets in accordance herewith;

(ii) An incumbency and specimen signature certificate, dated the Closing Date, from each Seller with respect to the officer or officers of each Seller executing this Agreement and any other documents delivered hereunder by or on behalf of Sellers;

(iii) A certificate of each Seller, dated the Closing Date, signed by an authorized officer of each Seller, certifying that conditions specified in Sections 7.2(a) and (b) hereof have been fulfilled;

(iv) A copy of the resolutions adopted by the Board of Directors of

each Seller authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, certified by a duly authorized officer of each Seller as of the Closing Date;

(v) An assignment from each Seller of any trademarks listed on SCHEDULE 2.1(i); and

(vi) Such other documents as may be reasonably requested by Buyer or its counsel necessary or appropriate to effectuate the terms of this Agreement; PROVIDED, HOWEVER, that Buyer shall provide Sellers with such documents at least three (3) Business Days prior to the Closing Date.

(c) AT THE CLOSING, BUYER SHALL DELIVER, OR SHALL CAUSE TO BE DELIVERED, THE FOLLOWING:

(i) A wire transfer of federal funds to an account designated by Sellers at least two (2) Business Days prior to the Closing Date in the amount of One Hundred Seventy Million Dollars ($170,000,000) (less the Cash Deposit and the Adjustment Amount);

(ii) An assignment and assumption agreement (the "ASSIGNMENT AND ASSUMPTION AGREEMENT"), in the form as attached as EXHIBIT A hereto, pursuant to which (a) Buyer shall assume the liabilities referred to in Section 2.3 hereof and (b) Sellers shall assign to Buyer all membership interests in Securex;

(iii) A good standing certificate of Buyer dated within five (5) days of the Closing Date, issued by the Secretary of State of the jurisdiction of incorporation of Buyer;

(iv) An incumbency and specimen signature certificate, dated the Closing Date, from Buyer with respect to the officers of Buyer executing this Agreement and any other document delivered hereunder by or on behalf of Buyer;

(v) A certificate of Buyer, dated the Closing Date, signed by an authorized financial officer of Buyer certifying that conditions specified in Sections 7.3(a) and (b) hereof have been fulfilled; and

(vi) Such other documents as may be reasonably requested by any Seller or its counsel necessary or appropriate to effectuate the terms of this Agreement; PROVIDED, HOWEVER, that Sellers shall provide Buyer with such documents at least three (3) Business Days prior to the Closing Date.

Section 3.2 PURCHASE PRICE. In consideration for the Assets, and subject to the terms and conditions of this Agreement, Buyer shall assume the Assumed Liabilities as provided in Section 2.3 and shall pay to Sellers at Closing in immediately available funds, by wire transfer to an account or accounts designated by Sellers, an amount in cash equal to One Hundred Seventy Million Dollars ($170,000,000) (the "PURCHASE PRICE") less (i) the Cash Deposit (as defined in Section 3.5 below) to the extent paid to Sellers and (ii) the Adjustment Amount.

Section 3.3 ADJUSTMENT AMOUNT. The Purchase Price shall be reduced by an amount equal to the sum of (x) the outstanding principal and interest balance of the Assumed Mortgage on the Closing Date and (y) the Employee Payments (such sum, the "ADJUSTMENT AMOUNT").

Section 3.4 ALLOCATION OF PURCHASE PRICE. Buyer shall prepare and deliver to Sellers a schedule (the "ALLOCATION SCHEDULE") allocating the Purchase Price and the Assumed Liabilities among the Assets in accordance with Section 1060 of the Code and any corresponding requirements of any state or local Tax Laws as soon as practicable after the Closing Date, and in no case later than forty-five (45) calendar days before the due date for filing any Tax Returns with respect to the Allocation Schedule. Sellers will have the right to raise reasonable objections to the Allocation Schedule within ten (10) calendar days after their receipt thereof, in which event Buyer and Sellers will negotiate in good faith to resolve such objections. If Buyer and Sellers cannot mutually resolve Sellers' reasonable objections to the Allocation Schedule within ten (10) calendar days after Buyer's receipt of such objections, such dispute with respect to the Allocation Schedule shall be presented to an independent accounting firm to be mutually selected by Buyer and Sellers, on the next day for a decision that shall be rendered by such accounting firm within ten (10) calendar days thereafter and shall be final and binding upon each of the parties. The fees, costs and expenses incurred in connection therewith shall be shared in equal amounts by Buyer and Sellers. Buyer and Sellers each shall report and file all Tax Returns (including amended Tax Returns and claims for refund) and shall cooperate in the filing of any forms (including Internal Revenue Service Form 8594) consistent with the Allocation Schedule, and shall

take no position contrary thereto or inconsistent therewith (including, without limitation, in any audits or examinations by any taxing authority or any other proceedings). The Allocation Schedule shall have effect solely for Tax purposes and the parties hereby understand and agree that the Allocation Schedule shall have no impact or effect for any non-Tax purposes.

Section 3.5 DEPOSIT. Buyer has placed on deposit an amount equal to Fourteen Million Five Hundred Thousand Dollars ($14,500,000) (the "INITIAL DEPOSIT"), in immediately available funds, by certified check or wire transfer to an account or accounts designated by Sellers. On or before the close of business on May 3, 2002, Buyer shall additionally place on deposit an amount equal to Two Million Five Hundred Thousand Dollars ($2,500,000) (the "ADDITIONAL DEPOSIT" and, together with the Initial Deposit, the "CASH DEPOSIT"), in immediately available funds, by certified check or wire transfer to an account or accounts designated by Sellers. At Closing, the Purchase Price shall be reduced by the Cash Deposit to the extent such deposits are paid to Sellers. In the event that either party terminates this Agreement pursuant to the terms and conditions set forth in Article VIII of this Agreement, such Cash Deposit shall be transferred to the appropriate party in accordance with Section 8.3 within two (2) Business Days after such termination.

Section 3.6 ADDITIONAL CONTRACTS. Buyer shall have the right to amend SCHEDULE 2.1(e) to add additional Contracts not listed on SCHEDULE 2.1(e) (the "ADDITIONAL CONTRACTS"), provided such Additional Contracts were not previously disclosed to Buyer or were entered into after the date hereof; PROVIDED, HOWEVER, that except as otherwise agreed to by Sellers, Buyer shall designate such Additional Contracts no later than fifteen (15) days prior to the Sale Hearing. Sellers and Buyer shall take all commercially reasonable steps necessary to have all such Additional Contracts assumed by the relevant Sellers and assigned to Buyer or its

designated Affiliate. Additional Contracts will be treated as Assumed Contracts for purposes of this Agreement.

Section 3.7 ADDITIONAL EQUIPMENT LEASES. Buyer shall have the right to amend SCHEDULE 2.1(b) to add additional equipment leases not listed on SCHEDULE 2.1(b) (the "ADDITIONAL EQUIPMENT LEASES"), provided such Additional Equipment Leases were not previously disclosed to Buyer or were entered into after the date hereof; PROVIDED, HOWEVER, that except as otherwise agreed to by Sellers, Buyer shall designate such Additional Equipment Leases no later than fifteen (15) days prior to the Sale Hearing. Sellers and Buyer shall take all commercially reasonable steps necessary to have all such Additional Equipment Leases assumed by the relevant Sellers and assigned to Buyer or its designated Affiliate. Additional Equipment Leases will be treated as Assumed Contracts for purposes of this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in Sellers' Disclosure Schedule delivered to Buyer concurrently herewith ("SELLERS' DISCLOSURE SCHEDULE"), each Seller hereby represents and warrants to Buyer as follows (Sellers' Disclosure Schedule shall be arranged in paragraphs corresponding to the section numbers contained in this ARTICLE IV, and the disclosure in any paragraph shall qualify only the corresponding section of this ARTICLE IV, unless the disclosure contained in such paragraph contains such information so as to enable a reasonable person to determine that such disclosure qualifies or otherwise applies to other sections of this ARTICLE IV):

Section 4.1 ORGANIZATION AND GOOD STANDING. Other than as a result of each Seller commencing its respective Case, each Seller and Securex (a) is a corporation or a limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of the State of Massachusetts or the State of Delaware, as applicable, (b) subject to any necessary authorizations from the Bankruptcy Court, has full corporate or company power, as applicable, and authority to own, lease and operate its properties and carry on the Business as it is now being conducted and (c) is duly qualified or licensed to do business and in good standing in each jurisdiction set forth on SCHEDULE 4.1.

Section 4.2 EXECUTION AND EFFECT OF AGREEMENT. Subject to obtaining Bankruptcy Court approval pursuant to the Approval Order, each Seller has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder, and the execution and delivery of this Agreement by each Seller and the consummation by each Seller of the transactions contemplated hereby and the performance of each Seller's obligations hereunder have been duly authorized by all necessary corporate action on the part of each Seller. This Agreement has been duly executed and delivered by each Seller and, following the approval of this Agreement and the transactions contemplated

hereby by the Bankruptcy Court pursuant to the Approval Order, will constitute the legal, valid and binding obligation of each Seller, enforceable against each Seller in accordance with its terms.

Section 4.3 NO CONTRAVENTION. Subject to obtaining the approval of the Bankruptcy Court pursuant to the Approval Order, neither the execution and delivery of this

Agreement nor the consummation of the transactions contemplated hereby will (a) violate or conflict with any provision of any Seller's certificate of incorporation or bylaws, (b) (with or without the giving of notice or the lapse of time or both) violate, or result in a breach of, or constitute a default under, or conflict with, or accelerate the performance required by, any of the terms of any material Assumed Contract or other material Contract to which any Seller is a party or by which it is bound, except to the extent any of the foregoing is not enforceable due to operation of applicable bankruptcy law or the Approval Order and except to the extent that such Contract is not assumable under 365(c) of the Bankruptcy Code, (c) violate or conflict with any, Order of any court, Governmental Entity or arbitrator, or any Law applicable to any Seller, or (d) result in the creation of any Lien upon any of the Assets (other than with respect to the Assumed Mortgage).

Section 4.4 THIRD PARTY APPROVALS. Except for (a) the Approval Order and (b) any other third-party approvals as are reflected on SCHEDULE 4.4 hereto, the execution, delivery and performance by each Seller of this Agreement and the transactions contemplated hereby do not require any consents, waivers, authorizations or approvals of, or filings with, any third Persons which have not been obtained by Sellers.

Section 4.5 SUBSIDIARIES. Other than any interest in any other Seller and Securex, no Seller or Securex has any Subsidiaries or owns, directly or indirectly, any capital stock or subordinated debt of, or other equity interests in, any Person, or is a member of or participant in any Person. There are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, agreements, arrangements or commitments to issue or sell any shares of capital stock, membership interests or other securities of Securex or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of Securex, and no securities or obligations evidencing such rights are authorized, issued or outstanding. All of the issued and outstanding membership interests of Securex are owned beneficially by a Seller.

Section 4.6 SECUREX LIABILITIES. Securex has no Liabilities (absolute, accrued, contingent, unknown or otherwise) which are required by GAAP to be reflected on a balance sheet except for (i) Liabilities which arose in the ordinary course of business after the formation of Securex, and (ii) Liabilities set forth on SCHEDULE 4.6, except to the extent such Liabilities would not, individually or in the aggregate, be materially adverse to Securex.

Section 4.7 TAXES. Each Seller, Securex and each consolidated group (for federal income Tax purposes) of which any Seller or Securex is a member has timely filed all material returns, reports, statements and forms required to be filed by any applicable federal, state, local or foreign Tax Laws (each, a "TAX RETURN"), or requests for extensions have been timely filed and any such extensions have been granted and have not expired, and all such Tax Returns were correct and complete in all material respects. All material Taxes required to be paid with respect to the periods covered by such Tax Returns have been or will be timely paid in full or discharged by order of the Bankruptcy Court or an adequate reserve has been established therefor in accordance with GAAP. There are no liens for material Taxes on any of the assets of JBAK Canton and Securex (other than liens for current Taxes not yet due and payable).

Section 4.8 COMPLIANCE WITH LAW. To the Knowledge of Sellers, each Seller and Securex (a) has complied with all Laws applicable to the Business and/or the Assets, except where the failure to comply has not had a Material Adverse Effect and (b) is not in default in respect of any commitment letter or similar undertaking to, is not subject to any Order by, and has not adopted any board resolutions at the request of, any Governmental Entity (a "GOVERNMENTAL DIRECTIVE"), except for defaults, Orders or Governmental Directives which, individually or in the aggregate, would not have a Material Adverse Effect.

Section 4.9 GOVERNMENTAL PERMITS. SCHEDULE 2.1(d) lists each Permit of each Seller and Securex, except where the failure to have such Permit would not, individually, or in the aggregate, have a Material Adverse Effect.

Section 4.10 SECUREX LITIGATION.

(a) There are no Proceedings pending, or to the Knowledge of Sellers, threatened in writing, against Securex at law or in equity before any court, arbitrator or other Governmental Entity, that would, if adversely determined against Securex, individually, or in the aggregate, be materially adverse to Securex.

(b) Securex is not a party to any Governmental Directive affecting the operation of the Business or the Assets that would, individually, or in the aggregate, be materially adverse to Securex.

Section 4.11 REAL ESTATE; REAL PROPERTY LEASES.

(a) Securex does not own, and has never owned, any real property and does not hold an option to acquire any real property.

(b) SCHEDULE 2.1(a) lists each of the Real Property Leases (true and complete copies of which have been provided or made available to Buyer as of the date hereof) entered into by any Seller or Securex, each of which, to the Knowledge of Sellers, has not been terminated.

Section 4.12 CONTRACTS. SCHEDULE 2.1(e) sets forth a true and complete list of each of the material Assumed Contracts (true and complete copies of which have been provided or made available to Buyer as of the date hereof), other than non-Inventory and Inventory purchase orders entered into in the ordinary course of business consistent with past practice.

Section 4.13 INTELLECTUAL PROPERTY.

(a) SCHEDULE 2.1(i) sets forth a true and complete list and summary description of all Owned Intellectual Property that is Filed. To the Knowledge of Sellers, each Seller designated on such Schedule owns or holds valid rights to use the Intellectual Property set forth on such Schedules.

(b) No suit, action, reexamination, public protest, interference, arbitration, mediation, opposition, cancellation or other proceeding is pending or has been threatened or asserted in writing concerning any Owned Intellectual Property.

Section 4.14 LABOR MATTERS.

(a) No Seller or any of its Subsidiaries is a party to any labor or collective bargaining agreement with respect to its employees relating to the Business.

(b) Sellers have not taken any action relating to the Business at any single site of employment in the 90-day period prior to the Closing Date that would constitute a "mass layoff" or "plant closing" within the meaning of the WARN Act, or any similar state or local Law, or otherwise trigger notice requirements or liability under any local or state plant closing notice Law.

(c) Sellers will promptly provide to Buyer a true, complete and correct list, as of the most recent practicable date, of each employee of Sellers, together with each employee's (i) starting date of employment, (ii) job title and (iii) present hourly or, if salaried, annual compensation rate, and a true, complete and correct list, as of the most recent practicable date, with respect to such employees without reference to compensation rate.

Section 4.15 EMPLOYEE BENEFITS.

(a) SCHEDULE 4.15(a) contains a list of the Benefit Plans of Sellers that Buyer is assuming, including (i) each "employee benefit plan," as defined in Section 3(3) of ERISA, covering current or former employees of Sellers, or which Sellers maintain or to which Sellers have an obligation to contribute or to which Sellers may have liability (contingent or otherwise) and (ii) each pension, profit-sharing, retirement, hospitalization, salary continuation, tuition assistance or other medical, life or other insurance, severance, change-in-control, fringe benefit, bonus, incentive and deferred compensation plan, agreement, program, policy or other arrangement covering current or former employees of Sellers or which Sellers maintain or sponsor or to which they contribute, whether subject to the Law of the United States or a foreign Law. All such plans, agreements, programs, policies and arrangements shall be collectively referred to as the "Benefit Plans."

(b) None of the Benefit Plans is subject to Title IV of ERISA or Section 412 of the Code.

(c) To the Knowledge of Sellers, each Benefit Plan has been administered in all material respects in accordance with its terms. There is no pending or, to the Knowledge of Sellers or their Subsidiaries, threatened in

writing legal action, suit or claim relating to the Benefit Plans, except where such pending or threatened legal action, suit or claim has not or would not, individually or in the aggregate, have a Material Adverse Effect.

(d) No Seller has engaged in the transactions contemplated by this Agreement for the evasion of liability under Section 4069 of ERISA.

Section 4.16 INSURANCE. SCHEDULE 4.16 lists the insurance policies maintained by any Seller relating to the Business.

Section 4.17 BROKERS AND FINDERS. Except for Robertson Stephens, no broker, finder, consultant or intermediary is entitled to a broker's, finder's or similar fee or commission

which is payable by Sellers in connection with the transactions contemplated by this Agreement or upon the consummation of the transaction contemplated hereby, or if the Closing does not occur.

Section 4.18 FINANCIAL STATEMENTS. The financial statements attached as SCHEDULE 4.18 are true and correct in all material respects for the periods reflected thereon and accurately reflect for such periods the operating results of the ongoing components of the Business.

Section 4.19 MORTGAGE.

(a) The Property (as defined in the Assumed Mortgage) subject to the Assumed Mortgage has not been sold, transferred or assigned.

(b) No default has occurred and is continuing under the Assumed Mortgage, the Note (as defined in the Assumed Mortgage) or the Security Documents (as defined in the Assumed Mortgage).

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in Buyer's Disclosure Schedule delivered to Sellers concurrently herewith ("BUYER'S DISCLOSURE SCHEDULE"), Buyer hereby represents and warrants to Sellers as follows (Buyer's Disclosure Schedule shall be arranged in paragraphs corresponding to the section numbers contained in this ARTICLE V, and the disclosure in any paragraph shall qualify only the corresponding section of this ARTICLE V, unless the disclosure contained in such paragraph contains such information so as to enable a reasonable person to determine that such disclosure qualifies or otherwise applies to other sections of this ARTICLE V):

Section 5.1 ORGANIZATION AND GOOD STANDING. Buyer is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, and has full corporate power and authority to own, lease and operate its properties and carry on its business as it is now being conducted.

Section 5.2 EXECUTION AND EFFECT OF AGREEMENT. Buyer has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder, and the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and the performance of Buyer's obligations hereunder have been duly authorized by all necessary corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

Section 5.3 NO CONTRAVENTION. Neither the execution and delivery of this Agreement nor the consummation of the transactions effected hereby will (i) violate or conflict with any provision of Buyer's certificate of incorporation or by-laws, (ii) (with or without the giving of notice or the lapse of time or both) violate, or result in a breach of, or constitute a

default under, or conflict with, or accelerate the performance required by, any of the terms of any material Contract to which Buyer is a party or by which it is bound, or (iii) violate or conflict with any judgment, decree, order or award of any court, governmental body or arbitrator, or any Law applicable to Buyer.

Section 5.4 THIRD PARTY APPROVALS. Except for any third party approvals as are reflected on SCHEDULE 5.4 hereto, the execution, delivery and performance by Buyer of this Agreement and the transactions contemplated hereby do not require any consents, waivers, authorizations or approvals of, or filings with, any third Persons which have not been obtained by Buyer.

Section 5.5 BROKERS AND FINDERS. Except for Credit Suisse First Boston, no broker, finder, consultant or intermediary is entitled to a broker's, finder's or similar fee or commission which is payable by Buyer in connection with the transactions contemplated by this Agreement or upon the consummation of the transaction contemplated hereby, or if the Closing does not occur.

Section 5.6 FUNDS. Buyer, as of the Closing Date, will have sufficient unrestricted funds to consummate the transactions contemplated by this Agreement.

Section 5.7 ORGANIZATIONAL DOCUMENTS. Copies of the articles of incorporation and by-laws of Buyer (i) will be delivered to Sellers on the Closing Date, (ii) will be reasonably acceptable to Sellers and (iii) are accurate and complete, without any amendment, modification or supplement.

Section 5.8 INVESTIGATION AND EVALUATION. Execution of this Agreement shall constitute Buyer's representation that Buyer has requested and been provided with the opportunity to review and examine originals or copies of such documents of or relating to the Business and the Assets and the transactions contemplated by this Agreement as Buyer has deemed necessary or desirable to evaluate the merits of purchasing the Assets and assuming the Assumed Liabilities and Buyer has made its determination to do so solely based upon its own analysis. Buyer understands and agrees that Sellers make and have made no representations in connection with the purchase and transfer by Buyer of the Assets and Assumed Liabilities other than those expressly contained herein or in the Assignment and Assumption Agreement.

ARTICLE VI

COVENANTS OF THE PARTIES

Section 6.1 CONDUCT OF BUSINESS. From and after the date hereof and until the Closing Date:

(a) Each Seller shall use commercially reasonable efforts in the context of the Cases to cause the Business to be conducted in the ordinary course and consistent with the present, Post-Petition, conduct of the Business.

(b) Each Seller shall be permitted to remove cash from the cash registers after the close of business each day, consistent with past practices; PROVIDED, HOWEVER, that Sellers shall keep Four Hundred Dollars ($400) in each of Sellers' Stores on the Closing Date.

(c) Seller shall provide Buyer with copies of any amendment to or termination of any Assumed Contract described under Section 6.1(d)(iii).

(d) Each Seller agrees it will not, without the prior consent of Buyer, which consent shall not be unreasonably withheld, delayed or conditioned:

(i) materially change the general character of the Business or enter into a material new line of Business or cease a material current line of Business; PROVIDED, HOWEVER, that the foregoing shall not apply to the conversion of the stores previously operated under the "REPP" or "B&T Factory Store" trade names into stores that are or will be operating under the "Casual Male Premier", "Casual Male" or "Casual Male Outlet" trade names, including any actions relating to such rebranding or conversion of such business lines or other rebranding or conversion of other portions of the Business (including, without limitation, e-commerce, catalogue and retail outlet operations) to utilize the "Casual Male" trade name;

(ii) amend any organizational documents of Securex, except to the extent as may be reasonably necessary to consummate the transactions contemplated by this Agreement;

(iii) enter into, or make any amendment of, or terminate, any Assumed Contract (other than the Continued Employee Loans) or Real Property Leases, other than in the ordinary course of business, which amendment or termination, would have a Material Adverse Effect;

(iv) except in accordance with policies, practices or agreements in effect on the date hereof, enter into or amend any employment, consulting or severance agreement with, or grant any severance pay to, any Continued Employee or increase the compensation of any Continued Employee other than in the ordinary course of business consistent with the present, Post-Petition, conduct of the Business in the context of the Cases;

(v) establish any new Benefit Plan or broaden eligibility for, or materially increase the benefits provided by, any such plan except to the extent required by law, the plan or any insurance carrier providing

benefits under an existing plan;

(vi) intentionally take any action with the principal purpose of discouraging the executive employees as of the date hereof, from continuing to be employed by the Business prior to the Closing Date; PROVIDED, HOWEVER, that Sellers shall not be obligated to modify or enhance any compensation or benefits to such employees to encourage them to remain employed prior to the Closing Date; or

(vii) enter into or agree to enter into any agreement or arrangement in violation of the foregoing.

(e) Nothing in this Section 6.1 shall obligate any Seller to pay any Claim or Liability arising prior to the commencement of the Cases.

Section 6.2 ACCESS. From the date hereof until the Closing Date, each Seller shall allow Buyer's employees, agents and Representatives during regular business hours to make such investigation of the Business and each Seller's books and records related thereto, as Buyer reasonably deems necessary or advisable, and each Seller shall instruct its employees to cooperate in any such investigation; PROVIDED, HOWEVER, that such investigation shall not unreasonably interfere with the business or operations of each Seller; PROVIDED FURTHER, HOWEVER, that no Seller shall be required to take any action which would constitute a waiver of the attorney-client privilege; PROVIDED FURTHER, HOWEVER, that Sellers shall provide Buyer with an explanation of the basis for the assertion of any such privilege (without Sellers being required to waive such privilege in providing such explanation). From and after the Closing Date until the closure of Sellers' Cases, but in no event later than two (2) years from the Closing Date, Buyer shall keep such books and records in a manner consistent with each Seller's past practice and such books and records shall not be destroyed or removed from their present location; PROVIDED, HOWEVER, that Buyer may destroy any such books and records, upon three (3) weeks prior written notice to Sellers. Within such two (2)-year time period, each Seller, at Buyer's expense, shall have the right for any proper purpose, upon reasonable notice to Buyer, to inspect and make copies of the same, and to have access to, and use of, all personnel at any time during regular business hours to assist with the wind-down of Sellers' estates and Cases, including assistance with the reconciliation of any third-party Claim in respect of which Seller may have Liability hereunder; PROVIDED, HOWEVER, that such inspection and access shall not materially interfere with the business or operations of Buyer. After such two (2)-year time period, should Buyer plan or otherwise intend to destroy or remove such books and records from their present location, Buyer must provide written notice to Sellers at least three (3) weeks prior to the date that such books and records are to be destroyed to allow Sellers to make copies or otherwise obtain such books and records. In addition, Buyer shall provide Sellers with reasonable office space, and use of office equipment, in accordance with SCHEDULE 6.2 hereof, at no cost to Sellers, to use in connection with the wind-down of Sellers' estates and Cases from and after the Closing Date until the closure of Sellers' Cases, but in no event later than two (2) years from the Closing Date.

Section 6.3 PUBLIC ANNOUNCEMENTS. No party shall issue a press release or otherwise make any public statements with respect to the transactions contemplated hereby, except as may be required by Law, by obligations pursuant to any listing agreement with any national securities exchange or over-the-counter market or with respect to filings to be made with the Bankruptcy Court in connection with this Agreement (in which case the party required to make such public statement shall notify the other party and shall consult with such other party prior to making such public statement), without the prior consent of the other, which consent shall not be unreasonably withheld.

Section 6.4 REASONABLE EFFORTS. Upon the terms and subject to the conditions herein provided, each of the parties hereto shall use its respective reasonable, good faith efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other party hereto in doing, all things necessary, proper or advisable under applicable Laws to ensure that the conditions set forth in this Agreement are satisfied and to consummate and make effective, in the most expeditious manner practicable, the transactions

contemplated by this Agreement. Without limiting the generality of the foregoing, the parties hereto shall furnish to each other such necessary information and reasonable assistance, as each may request, in connection with Sellers' preparation and filing of applications and motion papers, including the Sale Motion, needed to obtain Bankruptcy Court approval of the transactions contemplated by this Agreement, and shall execute any additional instruments

necessary to consummate the transactions contemplated hereby, whether before or after the Closing.

Section 6.5 NOTIFICATION OF CERTAIN MATTERS. Each Seller shall give prompt notice to Buyer, and Buyer shall give prompt notice to Sellers, of (i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement and (ii) any written objection, litigation or administrative proceeding that challenges the transactions contemplated hereby or the entry of the Approval Order.

Section 6.6 EMPLOYEES.

(a) BENEFITS. Each Seller shall terminate all persons who are employees of the Business (the "EMPLOYEES") on the Closing Date and who shall remain employees of the Business after the Closing Date. Prior to Closing, Buyer shall offer full-time employment effective as of the Closing to all Employees (other than part-time Employees who shall be offered substantially equivalent part-time employment effective as of the Closing), whether or not such Employees are actively at work on the Closing Date (including, Employees on vacation, sick leave, short-term disability and long-term disability). Each such offer of employment by Buyer shall be for a substantially similar position as such Employee held immediately prior to the Closing and at the same salary or regular wage rate received by such Employee immediately prior to the Closing Date. Buyer shall provide the Employees who accept Buyer's offer of employment ("CONTINUED EMPLOYEES") with employee benefits that are substantially comparable, in the aggregate, to the benefits received by the Continued Employees immediately prior to the Closing Date. Buyer shall provide all Continued Employees with credit for their service with Sellers for all purposes under Buyer's employee benefit plans, including eligibility and vesting, and shall ensure that Continued Employees are credited for all deductibles and out-of-pocket expenses incurred by the Continued Employees during the calendar year in which the Closing Date occurs. Buyer shall not during the 90-day period beginning on the Closing Date terminate the employment of Continued Employees of the Business so as to cause any "plant closing" or "mass layoff" (as those terms are defined in the WARN Act) such that Sellers have any obligation under the WARN Act that Sellers otherwise would not have had absent such terminations. Sellers and Buyer shall cooperate in sending a mutually acceptable communication to Employees prior to the Closing Date regarding continued employment and other employment related matters.

(b) ALTERNATIVE TAX PROCEDURE. Pursuant to the "Alternative Procedure" provided in Section 5 of Revenue Procedure 96-60, 1996-2 C.B. 399, (i) Buyer and Sellers shall report on a predecessor/successor basis as set forth therein, (ii) Sellers will be relieved from filing a Form W-2 with respect to any Continued Employees who actually commence such employment with Buyer and (iii) Buyer will undertake to file (or cause to be filed) a Form W-2 for each such Continued Employee for the year that includes the Closing Date (including the

portion of such year that such employee was employed by Sellers). Each Seller shall provide Buyer on a timely basis with all payroll and employment-related information with respect to each employee of a Seller who accepts employment with Buyer.

Section 6.7 FURTHER ASSURANCES. On and after the Closing Date, the parties shall take all appropriate action and shall execute all documents, instruments or conveyances of any kind that may be reasonably necessary or advisable to carry out any of the provisions hereof.

Section 6.8 FURTHER AGREEMENTS. Each Seller authorizes and empowers Buyer on and after the Closing Date to receive and to open all mail received by Buyer relating to the Assets, the Business or the Assumed Liabilities and to deal with the contents of such communications in any proper manner. Each Seller shall promptly deliver to Buyer any mail or other communication received by such Seller after the Closing Date pertaining to the Assets, the Business or the Assumed Liabilities. Buyer shall promptly deliver to the applicable Seller any mail or other communication received by it after the Closing Date pertaining to the Excluded Assets or any Excluded Liabilities and any cash, checks or other instruments of payment in respect thereof. From and after the Closing Date, each Seller shall refer all inquiries with respect to the Business, the Assets and the Assumed Liabilities to Buyer, and Buyer shall refer all inquiries with respect to the Excluded Assets and the Excluded Liabilities to the applicable Seller.

Section 6.9 PAYMENT OF TRANSFER TAXES AND TAX FILINGS.

(a) Except to the extent as provided in the Approval Order pursuant to Section 1146(c) of the Bankruptcy Code, all Transfer Taxes arising out of the transfer of the Assets and the other transactions contemplated hereby and any Transfer Taxes required to effect any recording or filing with respect thereto

shall be borne by Buyer. The Transfer Taxes shall be calculated assuming that no exemption from Transfer Taxes is available, unless otherwise indicated in the Approval Order or, on or before the due date for such Transfer Taxes, Buyer shall provide an appropriate resale exemption certificate or other evidence acceptable to Sellers of exemption from such Transfer Taxes. Sellers and Buyer shall cooperate to timely prepare and file any returns or other filings relating to such Transfer Taxes, including any claim for exemption or exclusion from the application or imposition of any Transfer Taxes. Buyer shall timely pay such Transfer Taxes and shall file all necessary documentation and returns with respect to such Transfer Taxes when due, and shall promptly following the filing thereof furnish a copy of such return or other filing and a copy of a receipt showing payment of any such Transfer Tax to Sellers.

(b) Each party shall furnish or cause to be furnished to the others, upon request, as promptly as practicable, such information and assistance relating to the Assets and the Business as is reasonably necessary for filing of all Tax Returns, including any claim for exemption or exclusion from the application or imposition of any Taxes or making of any election related to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax Return.

Section 6.10 UTILITIES AND BANK ACCOUNTS.

(a) As soon as is practicable, following the Closing, Sellers and Buyer shall cooperate so as to cause the gas, water, telephone, electric, and other utility companies to transfer Sellers' accounts for the operation of the Business to Buyer and Sellers shall only be responsible for the payment of all charges incurred therefor through the Closing Date. Sellers shall use their reasonable efforts to assist Buyer, upon request of Buyer, in commencing services with the gas, water, telephone, electric or other utility companies with respect to the operation of the Business.

(b) Each Seller shall deliver to Buyer all information necessary for Buyer to take possession of, and make use of, the current bank accounts for all Stores and will use reasonable efforts to facilitate the transfer of such bank accounts from each Seller to Buyer; PROVIDED, HOWEVER, that each Seller shall remove and retain all cash from such bank accounts.

Section 6.11 PRORATION OF TAXES AND CERTAIN CHARGES. Except as provided elsewhere in this Agreement, including, without limitation, in Section 6.9 and Section 6.10, all real property, personal property and similar ad valorem Taxes (such Taxes, "ASSET TAXES") levied, interest and other charges associated with the Assumed Mortgage (subject to Section 6.23), charges of rent and other occupancy expenses (including, without limitation, common area maintenance charges) related to the operation of the Business, and all installments of special assessments or other charges paid with respect to the Assets, for any period that includes the Closing Date but does not terminate on the Closing Date, whether imposed or assessed before or after the Closing Date, shall be prorated between Sellers and Buyer as of the Closing Date. All refunds, rents, fees or other use related revenue receivable by any party to the extent attributable to the operation of the Business for any period in which the Closing shall occur shall be prorated so that Sellers shall be entitled to the portion applicable to the period up to but not including the Closing Date and Buyer shall be entitled to the portion applicable from and after the Closing Date. If Asset Taxes or charges are paid or payments are received by Buyer, on the one hand, or Sellers, on the other hand, the proportionate amount of such Asset Taxes or charges paid or payments received shall be paid promptly by (or to) the other after such Asset Taxes or charges are paid or payments are received. Charges assessed based upon usage of utility or similar services shall be prorated based upon meter readings taken on the Closing Date. Prorations of items that accrue or are due after the Closing Date may be calculated as each item to be prorated accrues or comes due, provided that each such proration shall be calculated not later than five (5) Business Days after the party requesting proration of any item obtains the information required to prorate the item.

Notwithstanding anything to the contrary in this Agreement, after the Closing, neither Buyer nor any Seller shall assert any claim against the other in respect of any credit, offset, adjustment or reimbursement for underpayment or overpayment of Asset Taxes, interest and other charges associated with the Assumed Mortgage (subject to Section 6.23) or lease related expenses (including, without limitation, real estate Taxes, personal property Taxes, utilities, common area maintenance charges, deposits, and prepaid expenses).

Section 6.12 BULK SALES. Each of the parties hereto waives compliance with any applicable provisions of the Uniform Commercial Code Article 6 (Bulk Sales or Bulk Transfers)

or analogous provisions of Law, as adopted in the states in which the Business is conducted as such provisions may apply to the transactions contemplated by this Agreement.

Section 6.13 [RESERVED.]

Section 6.14 [RESERVED.]

Section 6.15 INSURANCE DEDUCTIBLES. Sellers' estates shall remain liable for the payment of any deductible under the insurance policies described in Section 2.1(m) with respect to any Claim arising from events occurring prior to the Closing Date (other than Assumed Liabilities).

Section 6.16 LEASE/CONTRACT REJECTION OPTIONS.

(a) From the date hereof, through May 13, 2002, Buyer shall have the option to designate, in writing (the "LEASE REJECTION DESIGNATION") up to fifteen (15) Real Property Leases (other than the Canton Real Property Lease) (the "REJECTED LEASES") which Buyer does not elect to have Sellers assume and assign to Buyer (the "LEASE REJECTION OPTION"), in which case such Rejected Leases shall not constitute Real Property Leases under this Agreement. The Inventory located in the Stores that are the subject of the Rejected Leases (the "REJECTED STORES") shall constitute Assets hereunder (the "REJECTED STORE INVENTORY") and Buyer shall have twenty (20) days after the Closing Date to remove such Rejected Store Inventory from the subject Stores, at Buyer's expense (the "REJECTED STORE INVENTORY REMOVAL DEADLINE"). Neither Buyer nor Sellers shall operate the Rejected Stores during the period after the Closing Date. Buyer shall be responsible for all costs related to the Rejected Leases and the Rejected Stores during the period between the Closing Date and the date that Buyer vacates the respective Rejected Store(s) in broom clean condition (the "REJECTED STORE VACATE DATE"). The Rejected Leases shall be deemed rejected by Sellers on the later of (i) the date that is five (5) Business Days after Sellers provide the respective landlord under such Real Property Leases that such lease has been designated as a Rejected Lease, which notice shall be provided by Sellers no later than five (5) Business Days prior to the Rejected Store Inventory Removal Deadline, and (ii) the first day after the Rejected Store Vacate Date.

(b) From the date hereof, through May 13, 2002, Buyer shall have the option to designate, in writing (the "CONTRACT REJECTION DESIGNATION") the Contracts that are related exclusively to the Rejected Stores (the "REJECTED CONTRACTS") which Buyer does not elect to have Sellers assume and assign to Buyer (the "CONTRACT REJECTION OPTION"), in which case such Rejected Contracts shall not constitute Contracts under this Agreement. The Rejected Contracts shall be deemed rejected by Sellers on the later of (i) the date that is five (5) Business Days after Sellers provide the respective third party to such Rejected Contract with written notice that such contract has being rejected, which notice shall be provided by Sellers no later five (5) Business Days prior to the Rejected Store Inventory Removal Deadline, and (ii) the first day after the Rejected Store Vacate Date; PROVIDED, HOWEVER, that Buyer shall be responsible for all costs related to the Rejected Contracts during the period between the Closing Date and the respective Rejected Store Vacate Date.

(c) Buyer shall indemnify and hold Sellers harmless from, and be solely liable for, all liabilities against Sellers, arising out of or related to, the rejection of the Rejected Leases and/or Rejected Contracts, including, but not limited to, rejection damage Claims by landlords under the Real Property Leases under Section 502(b)(6) of the Bankruptcy Code, any employee claims (including termination and severance claims) and any WARN and similar state Law Liabilities under any Rejected Contracts, in each case, only to the cash amounts that Sellers would be obligated to disburse to the holders of such Claim or Liability under the provisions of the Bankruptcy Code, which amounts shall be paid by Buyer to Sellers within twenty (20) days from Buyer's receipt of written notice from Sellers of the next projected distribution date and the projected distribution under Sellers' confirmed chapter 11 plan or plans.

Section 6.17 REGULATORY APPROVAL.

(a) Each of Sellers and Buyer will use their best efforts to obtain all authorizations, consents, orders and approvals of all federal, state and foreign regulatory bodies and officials that may be or become necessary for the performance of its obligations pursuant to this Agreement or the Assignment and Assumption Agreement and will cooperate fully with the other party in promptly seeking to obtain all such authorizations, consents, orders and approvals. Each of Sellers and Buyer agree to (i) make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as soon as reasonably practicable after the date hereof but in no event later than five (5) Business Days after the date hereof, (ii) use commercially reasonable efforts to assist each other in making any and all

filings under the HSR Act, and (iii) take such other action as may be reasonably required in connection with any and all filings under the HSR Act. Neither Sellers nor Buyer will take any action that will have the effect of delaying, impairing or impeding the receipt of any required approval.

(b) If, in order to properly prepare documents required to be filed with governmental authorities (including future filings under the HSR Act) or its financial statements, it is necessary that either Sellers or Buyer be furnished with additional information relating to the Business, the Assets or the Assumed Liabilities, and such information is in the possession of the other party, such party agrees to use its best efforts to furnish such information in a timely manner to such other party, at the cost and expense of the party being furnished such information.

Section 6.18 AVOIDANCE ACTION. No Seller shall commence, prosecute, or assign any Avoidance Action against the trade vendors as mutually agreed upon by Sellers and Buyer, for purposes of seeking an affirmative recovery against such trade vendors; PROVIDED, HOWEVER, that Sellers may pursue such Avoidance Actions against such trade vendors in order to offset or reduce or otherwise mitigate any claim(s) being pursued by such trade vendor against Sellers' estates. No Seller shall commence, prosecute, or assign any Avoidance Action under Section 547 of the Bankruptcy Code for purposes of seeking an affirmative recovery; PROVIDED, HOWEVER, that Sellers may pursue such Avoidance Actions under Section 547 of the Bankruptcy Code in order to offset or reduce or otherwise mitigate any claim(s) being pursued against Sellers' estates.

Section 6.19 LIMITED LICENSE. Buyer hereby grants Sellers a fully-paid license to use Buyer's corporate names and tradenames for the limited purpose of effectuating the wind-down of Sellers' estates.

Section 6.20 WORK `N GEAR. In the absence of an agreement between Sellers and Buyer with respect to the operation of Work `n Gear, until the earlier of the closing of the sale of the assets of Work `n Gear and the first anniversary of the Closing Date, Buyer shall use commercially reasonable efforts to continue to operate such business in the ordinary course consistent with the past practice of Sellers for the account of Sellers but in a manner contemplated by the Transition Services Agreement.

Section 6.21 REAL PROPERTY LEASES. Sellers shall provide Buyer with updated Real Property Leases as such updates become available to Sellers.

Section 6.22 CONTINUED EMPLOYEE LOANS. Buyer shall forgive the Continued Employee Loans in accordance with the terms thereof as such Continued Employee Loans may be modified prior to the Closing Date. Sellers shall be permitted to modify such Continued Employee Loans at any time prior to the Closing Date, without the consent of Buyer, notwithstanding anything to the contrary in Section 6.1(d)(iii).

Section 6.23 CONSENT FEES. Subject to the time periods set forth in Section 2.3(m), Buyer shall pay all consent, assumption, transfer or other fees or expenses in connection with the assumption or prepayment of the Assumed Mortgage.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF THE PARTIES

Section 7.1 CONDITIONS PRECEDENT TO OBLIGATIONS OF ALL PARTIES. The respective obligations of Buyer, on the one hand, and Sellers on the other hand, to close under this Agreement, shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) NO INJUNCTION. No preliminary or permanent injunction or other order issued by, and no Proceeding or Order by or before, any Governmental Entity in the United States or by any United States Governmental Entity, nor any Law or Order promulgated or enacted by any United States Governmental Entity, shall be in effect or pending which materially delays, restrains, enjoins or otherwise prohibits or seeks to restrain, enjoin or otherwise prohibit the transactions contemplated hereby.

(b) THE APPROVAL ORDER. The Bankruptcy Court shall have entered the Approval Order. The "APPROVAL ORDER" shall be an order or orders of the Bankruptcy Court, in form and substance reasonably acceptable to Sellers and Buyer, approving this Agreement and all of the terms and conditions hereof, and approving and authorizing Sellers to consummate the transactions contemplated hereby. Without limiting the generality of the foregoing, such order shall find and provide, among other things, that (a) the Assets, subject to the Bankruptcy Court's jurisdiction, shall be sold to Buyer pursuant to this Agreement and shall be transferred to Buyer

free and clear of all Liens and Liabilities of any Person, such Liens and Liabilities to attach to the Purchase Price payable pursuant to Section 3.2; (b) Buyer has acted in good faith within the meaning of Section 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby; (c) this Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith and from arm's length bargaining positions; (d) Buyer is not acquiring or assuming any Sellers' or any other Person's Liabilities except as expressly provided in this Agreement; (e) all Assumed Contracts, Equipment Leases and Real Property Leases shall be assumed by Sellers and assigned to Buyer pursuant to Section 365 of the Bankruptcy Code and, as required by this Agreement, Sellers shall be obligated to pay all Cure Amounts in respect thereof, and Buyer shall have no obligation to pay, or any Liability for, such Cure Amounts and, thereafter Sellers shall have no further Liability under such Assumed Contracts, Equipment Leases and Real Property Leases pursuant to Section 365(k) of the Bankruptcy Code; (f) the Bankruptcy Court shall retain jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement, or the breach hereof as provided in Section 10.10 hereof; and (g) this Agreement and the transactions and instruments contemplated hereby shall be specifically performable and enforceable against and binding upon, and not subject to rejection or avoidance by, Sellers or any chapter 7 or chapter 11 trustee of Sellers and their estates.

(c) CONSENTS AND APPROVALS. All consents, waivers, authorizations and approvals of third Persons as are necessary in connection with the transactions contemplated by this Agreement shall have been obtained, except for such consents, waivers, authorizations and approvals which would not materially and adversely affect the Business (it being agreed and acknowledged by Buyer and Sellers that the consents required to assign the Assumed Mortgage to Buyer pursuant to that certain Mortgage and Security Agreement, dated as of December 30, 1996, by and between JBAK Canton, as mortgagor, and The Chase Manhattan Bank, as mortgagee, shall not be a condition to the Closing) and such consents and approvals which are not required due to the entry by the Bankruptcy Court of the Approval Order. All waiting periods under the HSR Act shall have expired or been terminated.

Section 7.2 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER. The obligation of Buyer to close under this Agreement is subject to the satisfaction (or waiver by Buyer) at or prior to the Closing Date of each of the following additional conditions:

(a) ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of each Seller contained herein shall be true and correct in all respects on the date hereof and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date (except to the extent that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all respects as of such date), except to the extent that any failures of such representations and warranties to be true and correct, individually or when aggregated with any other such failures, does not have a Material Adverse Effect.

(b) PERFORMANCE OF AGREEMENTS. Sellers shall have performed in all material respects all obligations and agreements contained in this Agreement required to be performed by it prior to or at the Closing Date, except where the failure to perform such obligations or agreements would not, individually or in the aggregate, have a Material Adverse Effect.

(c) CLOSING DELIVERIES. Sellers shall have performed in all respects all obligations and agreements in Section 3.1(b).

(d) NOTICE OF SALE MOTION AND HEARING. Sellers shall have given and published notice of the Sale Motion and Sale Hearing as required by the Scheduling Order.

(e) NO MATERIAL ADVERSE EFFECT. No Material Adverse Effect shall have occurred, since the date hereof.

(f) FIRPTA CERTIFICATES. Each Seller shall furnish to Buyer, on or before the Closing Date, a copy of a statement, dated no more than thirty (30) days prior to the Closing Date, issued by such Seller pursuant to Treasury Regulation Section 1.1445-2(b), certifying as to such Seller's non-foreign status.

(g) ASSIGNMENT AND ASSUMPTION AGREEMENT. Sellers and Buyer shall have entered into an assignment and assumption agreement, the form of which is attached hereto as Exhibit A, relating to (i) the assumption by Buyer of the Assumed Liabilities and (ii) the assignment of all membership interests in

Securex.

Section 7.3 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLERS. The obligation of Sellers to close under this Agreement is subject to the satisfaction (or waiver by Sellers) at or prior to the Closing Date of each of the following additional conditions:

(a) ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Buyer contained herein shall be true and correct in all respects on the date hereof and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date (except to the extent that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all respects as of such date), except to the extent that any failures of such representations and warranties to be true and correct, individually or when aggregated with any other such failures, does not, on the part of Buyer, materially and adversely affect Buyer's ability to consummate the transactions contemplated hereby.

(b) PERFORMANCE OF AGREEMENTS. Buyer shall have performed in all material respects all obligations and agreements contained in this Agreement required to be performed by it prior to or at the Closing Date.

(c) CLOSING DELIVERIES. Buyer shall have performed in all respects all obligations and agreements in Section 3.1(c).

(d) DEPOSIT. Sellers shall have received the Cash Deposit and the Guaranty (as both terms are defined in Section 3.5).

ARTICLE VIII

TERMINATION

Section 8.1 TERMINATION OF AGREEMENT. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

(a) By mutual written consent of Buyer and Sellers;

(b) By Sellers or Buyer if the Closing shall not have occurred on or before May 30, 2002 (the "OUTSIDE DATE"); PROVIDED, HOWEVER, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, or contributed to, the failure of the Closing to occur before such date;

(c) [Reserved];

(d) By Sellers, if Buyer shall have breached in any material respect any of its representations and warranties or failed to perform in any material respect any of its covenants or other agreements contained in this Agreement, which breach or failure to perform (1) is incapable of being cured by Buyer prior to the Outside Date and (2) renders any condition under Sections 7.1 and 7.3 hereof incapable of being satisfied prior to the Outside Date;

(e) By Buyer, (i) if any Seller or Sellers collectively shall have breached in any material respect any of their respective representations and warranties contained in this Agreement or (ii) if any Seller or Sellers collectively failed to perform in any material respect any of their covenants or other agreements contained in this Agreement, which breach or failure to perform (1) is incapable of being cured by Sellers prior to the Outside Date and (2) renders any condition under Sections 7.1 and 7.2 hereof incapable of being satisfied prior to the Outside Date;

(f) By Sellers or Buyer, upon written notice to the other party, if the Bankruptcy Court or any other Governmental Authority of competent jurisdiction shall have issued an Order or taken any other action (which Order or other action the party seeking to terminate shall have used all of its reasonable efforts to resist, resolve or lift, as applicable, subject to the provisions of Section 6.4 hereof) enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, and such Order shall have become final and non-appealable; PROVIDED, HOWEVER, that the party seeking to terminate this Agreement pursuant to this Section 8.1(f) has fulfilled its obligations under Section 6.4 hereof;

(g) [Reserved]; or

(h) By Sellers or Buyer, if any event occurs which renders satisfaction of one or more conditions set forth in Article VII impossible; PROVIDED, HOWEVER, that Sellers or Buyer, as the case may be, shall not be

entitled to terminate this Agreement pursuant to this Section 8.1(h) if the impossibility results primarily from such party itself breaching any representation, warranty or covenant contained in this Agreement.

Section 8.2 NO LIABILITIES IN EVENT OF TERMINATION. In the event of any termination of the Agreement pursuant to Section 8.1, (i) written notice thereof shall forthwith be given to the other party specifying the provision hereof pursuant to which such termination is made, (ii) this Agreement shall forthwith become wholly void and of no further force and effect, (iii) if applicable, the Cash Deposit shall be returned to Buyer pursuant to Section 8.3 hereof, and (iv) there shall be no liability on the part of Buyer or Sellers, except that the obligations of Sellers and Buyer under Section 10.1 shall remain in full force and effect and except that if this Agreement shall be terminated pursuant to Sections 8.1(d) or (e) hereof, the breaching party shall remain liable to the non-breaching party for costs, expenses and damages incurred by its breach.

Section 8.3 TREATMENT OF CASH DEPOSIT UPON TERMINATION.

(a) If Buyer terminates this Agreement in breach of Section 8.1 hereof or if Sellers terminate this Agreement pursuant to Section 8.1(b) (provided the failure to have a Closing on the date specified is due to a breach by Buyer), Section 8.1(d), Section 8.1(f) (provided Buyer has not fulfilled its obligations under Section 6.4) or Section 8.1(h) (provided the impossibility has resulted from the breach of a representation, warranty or covenant by Buyer) or if Buyer otherwise refuses or is incapable of closing the transactions contemplated by this Agreement, then Sellers shall be entitled to retain the Cash Deposit and shall have no further obligations to Buyer.

(b) Provided that Buyer is not in breach of this Agreement, if Sellers terminate this Agreement in breach of Section 8.1 hereof or if Buyer terminates this Agreement pursuant to Section 8.1(a) (unless otherwise mutually agreed by the parties), Section 8.1(b) (provided the failure to have a Closing on the date specified is not due to a breach by Buyer), Section 8.1(e), Section 8.1(f) (provided Buyer has fulfilled its obligations under Section 6.4) or Section 8.1(h) (provided the impossibility has not resulted from the breach of a representation, warranty or covenant by Buyer), then Sellers shall return the Cash Deposit to Buyer by wire transfer in immediately available funds within two (2) Business Days as required by Section 3.5 hereof.

Section 8.4 [RESERVED.]

Section 8.5 ABANDONMENT. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in Section 8.1, this Agreement shall become void and of no further force or effect, except for the provisions of Section 6.3 relating to publicity. Nothing in this Section 8.5 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement.

ARTICLE IX

INDEMNIFICATION

Section 9.1 NO SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The parties hereto agree that the representations and warranties contained in this Agreement shall not survive the

Closing hereunder, and neither party shall have any liability to the other after the Closing for any breach thereof. The representations and warranties set forth in this Agreement constitute the only representations and warranties made by Sellers and Buyer with respect to the transactions contemplated hereby, and the property transferred pursuant hereto, and such representations and warranties supersede all representations and warranties, written or oral, previously made by Sellers or Buyer. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER AGREES THAT THE REPRESENTATIONS AND WARRANTIES CONTAINED HEREIN ARE IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, SUCH OTHER WARRANTIES BEING SPECIFICALLY DISCLAIMED BY SELLERS. Buyer further agrees that, to the extent the Closing occurs the Assets being sold hereunder will be sold AS IS, WHERE IS and WITH ALL FAULTS and without any warranty or representation whatsoever, except as specifically stated herein. The parties hereto agree that the covenants contained in this Agreement to be performed at or after the Closing shall survive the Closing hereunder (including the covenant contained in Section 6.22 hereof whether or not such covenant is performed before or after the Closing), and each party hereto shall be liable to the other

after the Closing for any breach thereof.

Section 9.2 INDEMNIFICATION.

(a) Each Seller shall, jointly and severally, indemnify and hold Buyer and its Affiliates harmless against and in respect of loss, damage, claim, Liability, judgment or settlement of any nature or kind, including all costs and expenses relating thereto, including interest, penalties and reasonable attorneys' fees (collectively, the "DAMAGES"), arising out of, resulting from or relating to all Excluded Liabilities.

(b) Buyer shall indemnify and shall hold Sellers and their Affiliates harmless against and in respect of any Damages, arising out of, resulting from or relating to:

(i) all Liabilities of Buyer under this Agreement, including without limitation, all Assumed Liabilities and Liabilities under Section 6.16;

(ii) the termination of employment of a Continued Employee; and

(iii) any Liability to Sellers as a result of a breach by Buyer under Section 6.6 hereof.

(c) In the event that any Person shall incur or suffer any Damages in respect of which indemnification may be sought hereunder, such Person (the "INDEMNIFIED PARTY") may assert a claim for indemnification by providing written notice to the party from whom indemnification is being sought (the "INDEMNIFYING PARTY"), stating the amount of Damages, if known, and the nature and basis of such claim (the "NOTICE"). In the case of Damages that arise or may arise by reason of any third-party claim, promptly after receipt by an Indemnified Party of written notice of the assertion of any claim or the commencement of any action with respect to any matter in respect of which indemnification may be sought hereunder, the Indemnified Party shall give Notice to the Indemnifying Party and shall thereafter keep the Indemnifying Party

reasonably informed with respect thereto, provided that failure of the Indemnified Party to give the Indemnifying Party prompt notice as provided herein shall not relieve the Indemnifying Party of any of its obligations hereunder, except to the extent that the Indemnifying Party is materially prejudiced by such failure. In case any such claim is made or action is brought against any Indemnified Party, the Indemnifying Party shall be entitled to assume the defense thereof, by written notice of its intention to do so to the Indemnified Party within thirty (30) days after receipt of the Notice. If the Indemnifying Party shall assume the defense of such claim or action, it shall have the right to settle such claim or action; PROVIDED, HOWEVER, that it shall not settle such claim or action without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed) if such settlement (i) does not include as an unconditional term thereof the giving by the claimant or the plaintiff of a release of the Indemnified Party from all Liability with respect to such claim or action or (ii) involves the imposition of equitable remedies or the imposition of any material obligations on such Indemnified Party other than financial obligations for which such Indemnified Party will be indemnified hereunder. As long as the Indemnifying Party is contesting any such claim or action in good faith, the Indemnified Party shall not pay or settle such claim or action. Following delivery of notice of its intention to assume the defense of any claim or action hereunder, the Indemnifying Party shall not be liable hereunder for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; PROVIDED, FURTHER, HOWEVER, that if the defendants in any action shall include both an Indemnifying Party and any Indemnified Party and such Indemnified Party shall have reasonably concluded that counsel selected by the Indemnifying Party has a conflict of interest because of the availability of different or additional defenses to such Indemnified Party, such Indemnified Party shall have the right to separate counsel to participate in the defense of such action on its behalf, at the expense of the Indemnifying Party; PROVIDED, FURTHER, HOWEVER, that the Indemnifying Party shall not be obligated to pay the expenses of more than one separate counsel for all Indemnified Parties, taken together.

(d) If the Indemnifying Party shall fail to notify the Indemnified Party of its desire to assume the defense of any claim or action within the prescribed period of time, or shall notify the Indemnified Party that it will not assume the defense hereof, then the Indemnified Party may assume the defense of such claim or action, in which event it may do so acting in good faith, and the Indemnifying Party shall be bound by any determination made in any such action, PROVIDED, HOWEVER, that the Indemnified Party shall not be permitted to settle any such action without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. No such determination or settlement shall affect the right of the Indemnifying Party to dispute the Indemnified Party's claim for indemnification hereunder. The Indemnifying Party

shall be permitted to participate in the defense of such claim or action and to employ counsel at its own expense. If the Indemnifying Party chooses to assume the defense of any claim or action pursuant hereto, the Indemnified Party shall cooperate in such defense, which cooperation shall include the retention and the provision to the Indemnifying Party of records and information which are reasonably relevant to such defense, and making employees available on a mutually convenient basis to provide additional information and explanation of any materials provided hereunder, including providing such employees to serve as witnesses.

(e) The right to indemnification pursuant to this Article IX shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable

of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the date the Closing occurs, with respect to the accuracy or inaccuracy of or compliance with, any covenant or obligation. The waiver of any condition to the obligation of a party to consummate the transactions contemplated by this Agreement, where such condition is based on the performance of or compliance with any covenant or obligation, shall not affect the right of an Indemnified Party to indemnification, payment of an Indemnified Party's Damages, or other remedy based on such covenant or obligation.

(f) Any indemnification payments made pursuant to this Agreement shall be treated for Tax purposes as an adjustment to the Purchase Price, unless otherwise required by applicable Law.

ARTICLE X

MISCELLANEOUS

Section 10.1 EXPENSES.

(a) Except as otherwise expressly provided in this Agreement including this Section 10.1, whether or not the transactions contemplated hereby are consummated, each party shall bear all costs and expenses incurred or to be incurred by such party in connection with this Agreement and the consummation of the transactions contemplated hereby.

(b) [Reserved.]

(c) Sellers and Buyer shall share equally in the cost of the filing fee required under the HSR Act.

Section 10.2 ASSIGNMENT. This Agreement and the rights and obligations of the parties hereunder shall not be assigned, delegated or otherwise transferred, by Buyer or by any Seller; PROVIDED, HOWEVER, that Buyer may assign its rights and obligations hereunder to one or more entities formed by Buyer or an Affiliate of Buyer solely for the purpose of engaging in the transactions contemplated hereby and that has not engaged in any other business activity; PROVIDED FURTHER, HOWEVER, that no such assignment shall relieve Buyer of its liabilities and obligations hereunder if such assignee does not perform such obligations, including satisfying the requirements of adequate assurance of future performance; and PROVIDED FURTHER, HOWEVER, that this Agreement may be assigned to one or more trustees appointed by the Bankruptcy Court to succeed to the rights of any Seller. Sellers agree to enter into such amendments to, or restatements of, this Agreement and the exhibits hereto as may be reasonably required to give effect to this Section 10.2, so long as such amendments or restatements do not adversely affect the rights of Sellers hereunder or thereunder in Sellers' reasonable judgment. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and except as otherwise expressly provided herein, no other Person shall have any right, benefit or obligation hereunder.

Section 10.3 PARTIES IN INTEREST. This Agreement shall be binding upon and inure solely to the benefit of Sellers and Buyer, or their respective successors or permitted

assigns and, except as provided in Section 10.13, nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement. Without limiting the foregoing, no direct or indirect holder of any equity interests or securities of any Seller or Buyer (whether such holder is a limited or general partner, member, stockholder or otherwise), nor any Affiliate of any Seller or Buyer, nor any director, officer, employee, representative,

agent or other controlling person of each of the parties hereto and their respective Affiliates shall have any liability or obligation arising under this Agreement or the transactions contemplated thereby.

Section 10.4 NOTICES. Unless otherwise provided herein, any notice, request, instruction or other document to be given hereunder by any party to any other party shall be in writing and shall be delivered in person, by nationally recognized overnight courier or facsimile transmission (with such facsimile transmission confirmed by sending a copy of such notice, request, instruction or other document by nationally recognized overnight courier or certified mail, return receipt requested) or mailed by certified mail, postage prepaid, return receipt requested (such mailed notice to be effective on the date such receipt is acknowledged), as follows:

If to Sellers:	Casual Male Corp. 555 Turnpike Street Canton, Massachusetts 02021 Attention: Chief Executive Officer Copy to: General Counsel Fax: (781) 821-5174
With a copy to:	Cadwalader, Wickersham & Taft 100 Maiden Lane New York, New York 10038 Attention: Adam C. Rogoff, Esq. Fax: (212) 504-6666
If to Buyer:	Designs, Inc. 66 B Street Needham, Massachusetts 02494 Attention: Chief Financial Officer Fax: (781) 433-7462
With a copy to:	Kramer Levin Naftalis & Frankel LLP 919 Third Avenue New York, New York 10022 Attention: Peter G. Smith, Esq. Fax: (212) 715-8000

or to such other place and with such other copies as either party may designate as to itself by written notice to the other party. Rejection, any refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

SECTION 10.5 CHOICE OF LAW. THIS AGREEMENT SHALL BE CONSTRUED AND INTERPRETED, AND THE RIGHTS OF THE PARTIES SHALL BE DETERMINED, IN ACCORDANCE WITH THE BANKRUPTCY CODE AND THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK, EXCEPT THAT ANY PROVISIONS CONTAINED HEREIN RELATING TO THE CONVEYANCE OF INTERESTS IN REAL PROPERTY SHALL BE GOVERNED BY THE SUBSTANTIVE LAWS OF THE STATE IN WHICH THE REAL PROPERTY IS LOCATED, IN EACH CASE WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF OR OF ANY OTHER JURISDICTION.

Section 10.6 ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS. This Agreement (including all Schedules hereto) constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties. Except as set forth herein or in any certificate delivered pursuant hereto, no party (or any employee or agent thereof) makes any representation or warranty, express or implied, to any other party with respect to this Agreement or the transactions contemplated hereby. No supplement, modification or amendment of this Agreement (including any Schedule hereto) shall be binding unless the same is executed in writing by all parties. No waiver of any of the provisions of this Agreement shall be binding unless executed in writing by the party against whom the waiver is to be effective and shall not be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), and no such waiver shall constitute a continuing waiver unless otherwise expressly provided. Unless this Agreement shall have been terminated pursuant to Section 8.1, except with regard to Sections 6.2, 6.6, 6.7, 6.9, 6.15, 6.18, 6.19, 6.20, 6.22 and 6.23, the sole remedy of the parties against each other in connection with this Agreement and the transactions contemplated hereby shall be the indemnifying rights set forth in Article IX.

Section 10.7 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement. In proving this Agreement, it shall not be necessary to produce or account for more

than one such counterpart signed by the party against whom enforcement is sought.

Section 10.8 SEVERABILITY. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is declared invalid or unenforceable by any court of competent jurisdiction, (a) a suitable and equitable provision shall be substituted therefor by such court in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability.

Section 10.9 HEADINGS. The table of contents and the headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

SECTION 10.10 EXCLUSIVE JURISDICTION. WITHOUT LIMITING ANY PARTY'S RIGHT TO APPEAL ANY ORDER OF THE BANKRUPTCY COURT, (A) THE BANKRUPTCY COURT SHALL RETAIN EXCLUSIVE JURISDICTION TO ENFORCE THE TERMS OF THIS AGREEMENT AND TO DECIDE ANY CLAIMS OR DISPUTES WHICH MAY ARISE OR RESULT FROM, OR BE CONNECTED WITH, THIS AGREEMENT, ANY BREACH OR DEFAULT HEREUNDER, OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND (B) ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS AND PROCEEDINGS RELATED TO THE FOREGOING SHALL BE FILED AND MAINTAINED ONLY IN THE BANKRUPTCY COURT, AND THE PARTIES HEREBY CONSENT TO AND SUBMIT TO THE JURISDICTION AND VENUE OF THE BANKRUPTCY COURT AND SHALL RECEIVE NOTICES AT SUCH LOCATIONS AS INDICATED IN SECTION 10.4 HEREOF.

SECTION 10.11 WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY TO THIS AGREEMENT WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, MATTER OR PROCEEDING REGARDING THIS AGREEMENT OR ANY PROVISION HEREOF.

Section 10.12 SPECIFIC PERFORMANCE. Each of the parties hereto acknowledges that the other party hereto would be irreparably damaged in the event Sections 6.2, 6.6, 6.7, 6.9, 6.15, 6.18, 6.19, 6.20, 6.22 and 6.23 of this Agreement are not performed in accordance with their specific terms or are otherwise breached. Accordingly, each of the parties hereto shall be entitled, after the Closing, to an injunction or injunctions to prevent breaches of such provisions and to enforce specifically this Agreement and the terms and provisions thereof in any action instituted in the Bankruptcy Court, in addition to any other remedy to which the parties may be entitled, at law, in equity or pursuant to this Agreement.

Section 10.13 THIRD-PARTY BENEFICIARIES. Sellers and Buyer hereby agree that for the purposes of Section 6.22 hereof, the Continued Employees referred to in Section 6.22 shall be third-party beneficiaries of this Agreement. Notwithstanding the foregoing, nothing in this Agreement, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature under or by reason of this Agreement.

Section 10.14 SCHEDULES. Each of the parties hereto shall (a) give prompt notice to the other party of the occurrence or non-occurrence of any event the occurrence or non-occurrence of which would cause any representation or warranty by such party contained in this Agreement to be untrue or inaccurate in any material respect, at or prior to the Closing Date and shall promptly deliver to the other party an amended or supplemental Schedule to such representation or warranty, and (b) give prompt notice to the other party of any failure of such party to comply with or satisfy any covenant, condition or agreement to be materially complied with, or satisfied in any material respect, by it hereunder; PROVIDED, HOWEVER, that the delivery of any notice pursuant to this Section 10.14 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice. No notification under this Section 10.14 shall be deemed to cure any breach or default or event of default or render any representation or warranty incomplete or inaccurate.

Section 10.15 COUNTING. If the due date for any action to be taken under this Agreement (including, without limitation, the delivery of notices) is not a Business Day, then such action shall be considered timely taken if performed on or prior to the next Business Day following such due date.

Section 10.16 SERVICE OF PROCESS. Each party irrevocably consents to the service of process in any action or proceeding by receipt of mailed copies thereof by national courier service or registered United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to

Section 10.4 hereof. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

Section 10.17 TIME OF ESSENCE. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 10.18 EXHIBITS AND SCHEDULES. The Exhibits and Schedules attached to, delivered with and identified to this Agreement are a part of this Agreement the same as if fully set forth herein and all references herein to any Section of this Agreement shall be deemed to include a reference to any Schedule named therein.

Section 10.19 INTERPRETATION.

(a) Whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation."

(b) Words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(c) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns.

(d) A reference to any legislation or to any provision of any legislation shall include any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(e) All references to "$" and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(f) All references to any financial or accounting terms shall be defined in accordance with GAAP.

Section 10.20 PREPARATION OF THIS AGREEMENT. Buyer and Sellers hereby acknowledge that (i) Buyer and Sellers jointly and equally participated in the drafting of this Agreement and all other agreements contemplated hereby, (ii) both Buyer and Sellers have been adequately represented and advised by legal counsel with respect to this Agreement and the transactions contemplated hereby, and (iii) no presumption shall be made that any provision of

this Agreement shall be construed against either party by reason of such role in the drafting of this Agreement and any other agreement contemplated hereby.

Section 10.21 POWER OF ATTORNEY. After the Closing, each Seller (each, a "Grantor") shall constitute and appoint Buyer, and its successors and assigns, Grantor's true and lawful attorney and attorneys, with full power of substitution, in Grantor's name and stead, but on behalf, for the benefit and at the expense of Buyer, its successors and assigns, to demand and receive any and all of the Assets, and to execute and deliver receipts, releases and such other instruments or documents as Buyer may reasonably deem necessary or appropriate in connection with the demand and receipt of the same, and any part thereof, and from time to time to institute and prosecute in Grantor's name, or otherwise, for the benefit of Buyer, its successors and assigns, any and all proceedings at law, in equity or otherwise, which Buyer, its successors or assigns, may deem proper for the collection or reduction to possession of any of the Assets or for the collection and enforcement of any claim or right of any kind hereby sold, conveyed, transferred and assigned, or intended so to be, and to do all acts and things in relating to the Assets which Buyer, its successors or assigns shall deem desirable, Grantor hereby declaring that the foregoing powers are coupled with an interest and are and shall be irrevocable by Grantor or by its dissolution or in any manner or for any reason whatsoever. Notwithstanding the foregoing, no such action by Buyer, its successors and assigns shall impose any Liability or obligation upon, or otherwise require any payment from, any Seller as Grantor. Buyer shall have no rights under this Section 10.21 with respect to Excluded Assets or Excluded Liabilities.

Section 10.22 WGS ASSETS. Notwithstanding anything in this Agreement to the contrary, WGS Corp. is only a party to this Agreement for the purpose of selling the assets set forth in Section 2.1(r) (the "WGS ASSETS") and all representations, warranties, covenants and agreements of WGS contained in this Agreement are expressly limited to the WGS Assets.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of each of Sellers and Buyer as of the date first above written.

BUCKMIN INC.
CASUAL MALE CORP.
ELM EQUIPMENT CORP.
ISAB INC.
JBAK CANTON REALTY, INC.
JBI APPAREL INC.
JBI HOLDING COMPANY INC.
JBI INC.
LP INNOVATIONS INC.
MORSE SHOE INC.
MORSE SHOE INTERNATIONAL INC.
SPENCER COMPANIES INC.
TCM HOLDING COMPANY INC.
TCMB&T INC.
THE CASUAL MALE INC.
WHITE CAP FOOTWEAR, INC.
WGS CORP.

By: /s/ Michael A. O'Hara

Name: Michael A. O'Hara
Title: First Senior Vice President
Corporate Affairs, General
Counsel & Secretary

By: /s/ Jay Scheiner

Name: Jay Scheiner
Title: Executive Vice President

DESIGNS, INC.

By: /s/ Dennis R. Hernreich

Name: Dennis R. Hernreich
Title: Senior Vice President and
Chief Financial Officer

EXHIBIT 10.2

AMENDED AND RESTATED NOTE AGREEMENT

NOTE AGREEMENT, dated as of April 26, 2002, and amended and restated as of May 14, 2002, among Designs, Inc., a Delaware corporation (the "COMPANY"), certain subsidiaries of the Company (each a "GUARANTOR") and the Purchasers identified on the signature pages hereto.

The Company has duly authorized the creation of an issue of 12% Senior Subordinated Notes due 2007 (the "SECURITIES").

Each party hereto agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of the Securities.

ARTICLE ONE

DEFINITIONS

SECTION 1.01. DEFINITIONS.

"ACQUIRED INDEBTEDNESS" means Indebtedness of a Person or any of its Restricted Subsidiaries existing at the time such Person becomes a Restricted Subsidiary of the Company or at the time it merges or consolidates with the Company or any of its Subsidiaries or is assumed in connection with the acquisition of assets from such Person and not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of the Company or such acquisition, merger or consolidation.

"ACQUISITION CLOSING DATE" means the date upon which the consummation of the Casual Male Acquisition occurs.

"ADDITIONAL CAPITAL STOCK" means (1) the Preferred Stock issued on or about the Acquisition Closing Date and (2) any other Qualified Capital Stock (including Preferred Stock) having terms not materially less favorable to the Company, taken as a whole, than the Preferred Stock as determined by the Board of Directors of the Company in good faith.

An "AFFILIATE" of a Person means a Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"AFFILIATE TRANSACTION" has the meaning set forth in Section 4.10.

"ASSET ACQUISITION" means

(a) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Company or any Restricted Subsidiary of the Company, or shall be merged with or into the Company or any Restricted Subsidiary of the Company, or

(b) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any Person which constitute all or substantially all of the assets of such Person, any division or line of business of such Person or any other properties or assets of such Person other than in the Ordinary Course of Business.

"ASSET PURCHASE AGREEMENT" has the meaning set forth in the definition of "Transactions."

"ASSET SALE" means any direct or indirect sale, conveyance, transfer, lease (other than operating leases entered into in the Ordinary Course of Business), assignment or other transfer for value by the Company or any of its Restricted Subsidiaries, including any Sale and Leaseback Transaction that does not give rise to a Capitalized Lease Obligation, to any Person other than the Company or a Restricted Subsidiary of the Company of

(a) any Capital Stock of any Restricted Subsidiary of the Company; or

(b) any other property or assets, other than cash or Cash Equivalents, of the Company or any Restricted Subsidiary of the Company other than in the Ordinary Course of Business;

PROVIDED, HOWEVER, that Asset Sales shall not include

(1) a transaction or series of related transactions for which the Company or its Restricted Subsidiaries receive aggregate consideration, exclusive of indemnities, of less than $2 million,

(2) the sale of accounts receivable pursuant to factoring or similar arrangements in the Ordinary Course of Business,

(3) the sale, lease, conveyance, disposition or other transfer of assets in the Ordinary Course of Business,

(4) the sale, lease, conveyance, disposition or other transfer of all or substantially all of the assets of the Company and its Restricted Subsidiaries or any Guarantor as permitted under Section 5.01,

(5) sales, transfers or other dispositions of assets resulting from the creation, incurrence or assumption of (but not any foreclosure with respect to) any Lien not prohibited by Section 4.12,

(6) sales, transfers or other dispositions of assets in a transaction constituting a Permitted Investment or a Restricted Payment permitted by Section 4.02, and

(7) the grant of licenses to third parties in the Ordinary Course of Business of the Company or any of its Restricted Subsidiaries.

"ATTRIBUTABLE DEBT" in respect of a Sale and Leaseback Transaction consummated subsequent to the Issue Date means, at the time of determination, the present value, discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP, of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended.

"BANKRUPTCY LAW" means Title 11, U.S. Code or any similar Federal, state or foreign law for the relief of debtors.

"BID DATE" means the date fixed pursuant to the applicable orders of the Bankruptcy Court for the submission of bids to acquire substantially all the assets of Casual Male and certain related entities.

"BIDDING PROCEDURES ORDER" has the meaning set forth in Section 4.18.

"BOARD OF DIRECTORS" means, as to any Person, the board of directors of such Person or any duly authorized committee thereof.

"BOARD RESOLUTION" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification.

"BUSINESS DAY" means any day other than a Saturday, Sunday or any other day on which banking institutions in The City of New York are required or authorized by law or other governmental action to be closed.

"CAPITAL STOCK" means (1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents, however designated, of corporate stock, including each class of common stock and preferred stock of such Person and (2) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person.

"CAPITALIZED LEASE OBLIGATIONS" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"CASH EQUIVALENTS" means

(1) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued

by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof;

(2) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's;

(3) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's;

(4) certificates of deposit or bankers' acceptances (or, with respect to foreign banks, similar instruments) maturing within one year from the date of acquisition thereof issued by any bank organized under the laws of the United States of America or any state thereof or the District of Columbia or any U.S. branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than $500 million;

(5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank meeting the qualifications specified in clause (4) above; and

(6) investments in money market funds which invest substantially all their assets in securities of the types described in clauses (1) through (5) above.

"CASUAL MALE" means Casual Male Corp. (f/k/a) J. Baker, Inc., a Massachusetts corporation.

"CASUAL MALE ACQUISITION" has the meaning set forth in the definition of "Transactions."

"CHANGE OF CONTROL" means the occurrence of one or more of the following events:

(1) any sale, lease, exchange or other transfer, in one transaction or a series of related transactions, of all or substantially all of the assets of the Company to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a "GROUP") (whether or not otherwise in compliance with the provisions of this Note Agreement);

(2) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of this Note Agreement);

(3) any Person or Group, other than a Permitted Holder or Holders, shall become the owner, directly or indirectly, beneficially, of shares representing more than 25% of the aggregate voting power represented by the issued and outstanding Capital Stock of the Company entitled under ordinary circumstances to elect a majority of the directors of the Company;

(4) the replacement of a majority of the Board of Directors of the Company over a two-year period from the directors who constituted the Board of Directors at the beginning of such period, and such replacement shall not have been approved by a vote of at least a majority of the Board of Directors then still in office who either were members of the Board of Directors at the beginning of such period or whose election as a member of the Board of Directors was previously so approved; or

(5) the consolidation or merger of the Company with or into another Person or the merger of another Person with or into the Company, in any case pursuant to a transaction in which the outstanding Capital Stock of the Company is converted into or exchanged for cash, securities or other property other than any such transaction in which the Capital Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for Capital Stock (other than Disqualified Capital Stock) of the resulting or surviving corporation representing more than 25% of the voting power of the then outstanding Capital Stock of the resulting or surviving corporation.

"CHANGE OF CONTROL OFFER" has the meaning set forth in Section 4.13.

"CHANGE OF CONTROL PAYMENT DATE" has the meaning set forth in Section 4.13.

"COMMISSION" or "SEC" means the Securities and Exchange Commission, or any successor agency thereto with respect to the regulation or registration of securities.

"COMPANY" means the party named as such in this Note Agreement until a successor replaces it pursuant to this Note Agreement.

"COMPANY PREFERRED STOCK" means the Company's mandatorily Convertible Preferred Stock or any other Qualified Capital Stock issued pursuant to or in satisfaction of (1) the commitments dated on or about April 26, 2002 between certain investors and the Company, and (2) certain warrants issued in connection with the issuance of Preferred Stock or otherwise in connection with the Transactions, or other Qualified Capital Stock constituting Additional Capital Stock as defined herein.

"COMPANY REQUEST" or "COMPANY ORDER" means a written request or order signed in the name of the Company by its Chairman of the Board, its President, a Vice President or its Treasurer, and by an Assistant Treasurer, its Secretary or an Assistant Secretary.

"CONSOLIDATED EBITDA" means, with respect to any Person, for any period, the sum (without duplication) of

(1) Consolidated Net Income,

(2) to the extent Consolidated Net Income has been reduced thereby, all losses from Asset Sales or abandonments or reserves relating thereto, and all items classified as extraordinary losses,

(3) Consolidated Interest Expense,

(4) Consolidated Tax Expense, and

(5) Consolidated Non-cash Charges.

"CONSOLIDATED INTEREST EXPENSE" means, with respect to any Person for any period, the sum of, without duplication,

(1) the aggregate of all cash and non-cash interest expense with respect to all outstanding Indebtedness of such Person and its Restricted Subsidiaries, including the net costs associated with Interest Swap Obligations, capitalized interest, and imputed interest with respect to Attributable Debt, for such period determined on a consolidated basis in conformity with GAAP; and

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP.

"CONSOLIDATED NET INCOME" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; PROVIDED, HOWEVER, that there shall be excluded therefrom

(a) items classified as extraordinary gains or losses, and the related tax effects according to GAAP,

(b) the net loss of any Person, other than a Restricted Subsidiary of the Company,

(c) the net income of any Person, other than a Restricted Subsidiary, in which such Person has an interest, except to the extent of cash dividends or distributions paid to such Person or a Restricted Subsidiary of such Person,

(d) amounts attributable to dividends paid in respect of Qualified Capital Stock to the extent such dividends are paid in shares of Qualified Capital Stock.

"CONSOLIDATED NET WORTH" of any Person means the consolidated stockholders' equity of such Person, determined on a consolidated basis in accordance with GAAP less (to the extent otherwise included in accordance with GAAP) amounts attributable to Disqualified Capital Stock.

"CONSOLIDATED NON-CASH CHARGES" means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"CONSOLIDATED SENIOR DEBT RATIO" means, with respect to any Person, the ratio of (x) consolidated Senior Debt of such Person at the date of determination giving rise to the need to calculate the Consolidated Senior Debt Ratio (the "DETERMINATION DATE") to (y) Consolidated EBITDA of such Person during the four full fiscal quarters (the "FOUR QUARTER PERIOD") ending on or prior to the Determination Date. In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated EBITDA" and "consolidated Senior Debt" shall be calculated after giving effect on a PRO FORMA basis for the period of such calculation to

(1) the incurrence or repayment or retirement of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) at any time subsequent to the last day of the Four Quarter Period and on or prior to the Determination Date (other than the incurrence or repayment of Indebtedness in the Ordinary Course of Business for working capital purposes pursuant to working capital facilities), as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period and

(2) any Asset Sales or Asset Acquisitions (including, without limitation, any Consolidated EBITDA (including any PRO FORMA expense and cost reductions calculated on a basis consistent with Regulation S-X under the Securities Act) attributable to the assets which are the subject of the Asset Acquisition or Asset Sale during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Determination Date, as if such Asset Sale or Asset Acquisition (including the incurrence, assumption or liability for any such Indebtedness or Acquired Indebtedness) occurred on the first day of the Four Quarter Period.

"CONSOLIDATED TAX EXPENSE" means, with respect to any Person for any period, the aggregate of all taxes of such Person and its Restricted Subsidiaries paid or accrued for such period on a consolidated basis, determined in accordance with GAAP.

"CONSOLIDATED TOTAL DEBT RATIO" means, with respect to any Person, the ratio of (x) consolidated Indebtedness of such Person at the date of determination giving rise to the need to calculate the Consolidated Total Debt Ratio (the "DETERMINATION DATE") to (y) Consolidated EBITDA of such Person during the four full fiscal quarters (the "FOUR QUARTER PERIOD") ending on or prior to the Determination Date. In addition to and without limitation of the foregoing, for purposes of this definition,

"Consolidated EBITDA" and "consolidated Indebtedness" shall be calculated after giving effect on a PRO FORMA basis for the period of such calculation to

(1) the incurrence or repayment or retirement of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) at any time subsequent to the last day of the Four Quarter Period and on or prior to the Determination Date (other than the incurrence or repayment of Indebtedness in the Ordinary Course of Business for working capital purposes pursuant to working capital facilities), as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period and

(2) any Asset Sales or Asset Acquisitions (including, without limitation, any Consolidated EBITDA (including any PRO FORMA expense and cost reductions calculated on a basis consistent with Regulation S-X under the Securities Act) attributable to the assets which are the subject of the Asset Acquisition or Asset Sale during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Determination Date, as if such Asset Sale or Asset Acquisition (including the incurrence, assumption or liability for any such

Indebtedness or Acquired Indebtedness) occurred on the first day of the Four Quarter Period.

"CURRENCY AGREEMENT" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any Restricted Subsidiary against fluctuations in currency values.

"DEFAULT" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"DESIGNATED GUARANTOR SENIOR DEBT" means, with respect to any Guarantor, (1) any Indebtedness outstanding under the New Credit Agreement to the extent guaranteed by such Guarantor and (2) any other Guarantor Senior Debt permitted under this Note Agreement that has been designated by the Company or such Guarantor as Designated Guarantor Senior Debt in the instrument creating such Indebtedness.

"DESIGNATED NON-CASH CONSIDERATION" means the fair market value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officers' Certificate executed by the principal executive officer and the principal financial officer of the Company or such Restricted Subsidiary.

"DESIGNATED SENIOR DEBT" means (1) any Indebtedness outstanding under the New Credit Agreement and (2) any other Senior Debt permitted under this Note Agreement that has been designated by the Company as Designated Senior Debt in the instrument creating such Indebtedness.

"DISQUALIFIED CAPITAL STOCK" means any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event (other than an event which would constitute a Change of Control), matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof (except, in each case, upon the occurrence of a Change of Control), in whole or in part, on or prior to the Final Maturity Date.

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

"EVENT OF DEFAULT" has the meaning set forth in Section 6.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"FAIR MARKET VALUE" or "FAIR VALUE" means, with respect to any asset or property, the price which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing buyer, neither of whom is under pressure or compulsion to complete the transaction. Fair market value shall be determined by the Board of Directors of the Company acting reasonably and in good faith and shall be evidenced by a Board Resolution.

"FINAL MATURITY DATE" means April 26, 2007.

"GAAP" is defined to mean generally accepted accounting principles in the United States of America as in effect as of the Issue Date, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"GUARANTEE" has the meaning set forth in Section 9.01.

"GUARANTOR" means (i) each of the wholly owned Subsidiaries of the Company as of May 14, 2002, whether or not indicated on the signature pages hereto, (ii) upon consummation of the Casual Male Acquisition, each of the Subsidiaries to the Company (if any) which may on the Acquisition Closing Date result from the Transactions (other than any Subsidiary which is or becomes a party to, or assumes liabilities related to, the Assumed Mortgage (as defined in the Asset Purchase Agreement), or which is or become an assignee of the Assumed Mortgage or the Owned Real Property (as defined in the Asset Purchase Agreement)) and (iii) each of the Company's Restricted Subsidiaries organized in the United States that in the future executes a supplemental Note Agreement or

other agreement of guaranty in which such Restricted Subsidiary agrees to be bound by the terms hereof as a Guarantor; PROVIDED that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective Guarantee is released in accordance with the terms hereof.

"GUARANTOR SENIOR DEBT" means the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on any Indebtedness of any Guarantor of the Securities, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Guarantee of the Securities. Without limiting the generality of the foregoing, "Guarantor Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on, and all other amounts owing in respect of, all monetary obligations (including guarantees thereof) of every nature of any Guarantor of the Securities under the New Credit Agreement, including, without limitation, obligations to pay principal and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities. "Guarantor Senior Debt" shall not include

(1) Indebtedness evidenced by a Guarantee of the Securities;

(2) any Indebtedness of such Guarantor of the Securities owing to the Company or to a Subsidiary of the Company;

(3) Indebtedness to, or guaranteed on behalf of, any director, officer or employee of the Company or any Subsidiary of the Company or Affiliate of the Company (including, without limitation, amounts owed for compensation);

(4) trade payables and other current liabilities arising in the Ordinary Course of Business in connection with obtaining goods, materials or services;

(5) Indebtedness represented by Disqualified Stock;

(6) any liability for federal, state, local or other taxes owed or owing by such Guarantor of the Securities;

(7) that portion of any Indebtedness incurred in violation of this Note Agreement;

(8) any Indebtedness other than Indebtedness under the New Credit Agreement which is, by its express terms, subordinated in right of payment to any other Indebtedness of such Guarantor of the Securities; and

(9) any Indebtedness which, when incurred and without respect to any other election under Section 1111(b) of Title 11, United States Code, is without recourse to such Guarantor of the Securities.

"HOLDER" means the Person in whose name a Security is registered on the books and records of the Company.

"INCUR" means, with respect to any Indebtedness, to, directly or indirectly, create, incur, assume, guarantee, acquire, become liable, contingently or otherwise with respect to, or otherwise become responsible for payment of such Indebtedness.

"INDEBTEDNESS" means with respect to any Person, without duplication,

(1) the principal amount of all obligations of such Person for borrowed money,

(2) the principal amount of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,

(3) all Capitalized Lease Obligations of such Person,

(4) all obligations of such Person to pay the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding accounts

payable and other current liabilities arising in the Ordinary Course of Business),

(5) all obligations of such Person for the reimbursement of any obligor on any letter of credit or banker's acceptance,

(6) guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clause (8) below,

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) above which are secured by any Lien on any property or asset of such Person, the amount of such obligation being deemed to be the lesser of the fair market value at such date of any asset subject to any Lien securing the Indebtedness of others and the amount of the Indebtedness secured,

(8) all obligations under currency agreements relating to Currency Swap Agreements and Interest Swap Obligations of such Person, and

(9) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

For purposes hereof, (1) the "MAXIMUM FIXED REPURCHASE PRICE" of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Note Agreement, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock, and (2) accrual of interest, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Capital Stock in the form of additional shares of the same class of Disqualified Capital Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Capital Stock for purposes of Section 4.03. The amount of Indebtedness of any Person at any date shall be the amount of all unconditional obligations described above, as such amount would be reflected on a balance sheet prepared in accordance with GAAP, and the maximum liability at such date of such Person for any contingent obligations described above.

"INITIAL PURCHASERS" means those purchasers of the Securities from the Company pursuant to this Note Agreement indicated on the signature pages hereof.

"INTEREST PAYMENT DATE" means the stated due date of an installment of interest on the Securities.

"INTEREST SWAP OBLIGATIONS" means the obligations of any Person, pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount.

"INVESTMENT" means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any Person. "Investment" shall exclude extensions of trade credit by the Company and its Subsidiaries in the Ordinary Course of Business on commercially reasonable terms. For the purposes of Section 4.02,

(1) "Investment" shall include and be valued at the fair market value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted

Subsidiary and

(2) the amount of any Investment shall be the original cost of such Investment plus the cost of all additional Investments by the Company or any of its Restricted Subsidiaries, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment, reduced by the payment of dividends or distributions (including tax sharing payments) in connection with such Investment or any other amounts received in respect of such Investment.

If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of any Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed.

"ISSUE DATE" means the original date of issuance of the Securities.

"JOINT VENTURE" means any Person (other than a Subsidiary of the Company) engaged in a Related Business with respect to which at least 35% of such Person's outstanding Capital Stock is owned directly or indirectly by the Company.

"LIEN" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

"MANDATORY REDEMPTION" has the meaning set forth in Section 3.05.

"MANDATORY REDEMPTION DATE" means the fifth day after the funds deposited with Casual Male have been released to the Company (or its designee) in accordance with the requirements of the Bidding Procedures Order.

"MANDATORY REDEMPTION EVENT" has the meaning set forth in Section 3.05.

"MANDATORY REDEMPTION NOTICE" has the meaning set forth in Section 3.05.

"MANDATORY REDEMPTION PRICE" means 100% of the principal amount of the Securities.

"MOODY'S" means Moody's Investor Service, Inc. and its successors.

"NET CASH PROCEEDS" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (other than the portion of any such deferred payment constituting interest) received by the Company or any of its Restricted Subsidiaries from such Asset Sale net of

(a) all out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions),

(b) taxes paid or payable after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements,

(c) the amounts of

(x) any repayments of debt secured, directly or indirectly, by Liens on the assets which are the subject of such Asset Sale and

(y) any repayments of debt associated with such assets which is due by reason of such Asset Sale (i.e., such disposition is permitted by the terms of the instruments evidencing or applicable to such debt, or by the terms of a consent granted thereunder, on the condition the proceeds (or portion thereof) of such disposition be applied to such debt), and other fees, expenses and other expenditures, in each case, reasonably incurred as a consequence of such repayment of debt

(whether or not such fees, expenses or expenditures are then due and payable or made, as the case may be);

(d) any portion of cash proceeds which the Company determines in good faith should be reserved for post-closing adjustments, it being understood and agreed that on the day that all such post-closing adjustments have been determined, the amount (if any) by which the reserved amount in respect of such Asset Sale exceeds the actual post-closing adjustments payable by the Company or any of its Restricted Subsidiaries shall constitute Net Cash Proceeds on such date;

(e) all amounts deemed appropriate by the Company to be provided as a reserve, in accordance with GAAP ("GAAP RESERVES"), against any liabilities associated with such assets which are the subject of such Asset Sale or incurred in connection with such Asset Sale;

(f) all foreign, federal, state and local taxes payable (including taxes reasonably estimated to the payable) in connection with or as a result of such Asset Sale; and

(g) with respect to Asset Sales by Restricted Subsidiaries of the Company, the portion of such cash payments attributable to Persons holding a minority interest in such Restricted Subsidiary.

Notwithstanding the foregoing, Net Cash Proceeds shall not include proceeds received in a foreign jurisdiction from an Asset Sale of an asset located outside the United States to the extent

(1) such proceeds cannot under applicable law be transferred to the United States or

(2) such transfer would result (in the good faith determination of the Board of Directors of the Company) in a foreign tax liability that would be greater than if such Asset Sale occurred in the United States;

PROVIDED that if, as, and to the extent that any of such proceeds may lawfully be in the case of clause (1) or are in the case of clause (2) transferred to the United States, such proceeds shall be deemed to be cash payments that are subject to the terms of this definition of Net Cash Proceeds.

"NET PROCEEDS OFFER" has the meaning set forth in Section 4.16.

"NET PROCEEDS OFFER AMOUNT" has the meaning set forth in Section 4.16.

"NET PROCEEDS OFFER PAYMENT DATE" has the meaning set forth in Section 4.16.

"NET PROCEEDS OFFER TRIGGER DATE" has the meaning set forth in Section 4.16.

"NEW CREDIT AGREEMENT" means the Credit Agreement to be dated on or about the Acquisition Closing Date between the Company and the lenders thereto including all related notes, collateral documents and guarantees in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, increasing the total commitment under, refinancing, replacing or otherwise restructuring (including adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders (provided that no refinancing, modification, replacement, renewal, deferral, extension, substitution, supplement, reissuance or resale of the New Credit Agreement providing for a stated maturity date of the Indebtedness thereunder later than April 26, 2007 shall constitute Permitted Indebtedness unless the payment of principal of the Securities at their stated maturity is permitted thereby absent a default or event of default thereunder).

"NOTE AGREEMENT" means this Note Agreement dated as of April 26, 2002, and amended and restated as of May 14, 2002, by and among the Company, the Guarantors and the Initial Purchasers, as amended from time to time.

"OBLIGATIONS" means, with respect to any Indebtedness, all principal, interest, premiums, penalties, fees, indemnities, expenses (including legal fees and expenses), reimbursement obligations and other liabilities

payable to the holder of such Indebtedness under the documentation governing such Indebtedness.

"OFFICER" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Controller, the Treasurer, the Secretary or any Assistant Vice President or Assistant Secretary of such Person.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers of the Company.

"OPINION OF COUNSEL" means a written opinion from legal counsel which counsel may be counsel to or an employee of the Company.

"ORDINARY COURSE OF BUSINESS" means, in respect of any transaction involving the Company or any Subsidiary of the Company, the ordinary course of such Person's business, as conducted by any such Person substantially in accordance with past practice and undertaken by such Person in good faith and not for the purposes of evading any covenant or restriction in this Note Agreement, the Securities, the Guarantee and the related documents.

"PARI PASSU INDEBTEDNESS" means any Indebtedness of the Company or a Guarantor of the Securities ranking PARI PASSU with the Securities or a Guarantee of the Securities, as the case may be, including the Company's 5% Subordinated Notes due April 26, 2007.

"PERMITTED HOLDERS" means Jewelcor Management, Inc., each Initial Purchaser of Securities, each initial purchaser of the Company's Series B Convertible Preferred Stock, and each of their respective Affiliates.

"PERMITTED INDEBTEDNESS" means, without duplication,

(1) the Securities and the Guarantees thereof,

(2) Indebtedness incurred pursuant to the New Credit Agreement in an aggregate principal amount at any time outstanding not to exceed $160 million reduced by any required permanent repayments (which are accompanied by a corresponding permanent commitment reduction) thereunder (excluding any such required permanent repayment and corresponding permanent commitment reduction to the extent refinanced at the time of payment under a replaced New Credit Agreement) and less the amount of any prepayment made with the proceeds of an Asset Sale in accordance with Section 4.16,

(3) other Indebtedness of the Company and its Subsidiaries outstanding on the Acquisition Closing Date (including without limitation any liability or guaranty of liability relating to the Assumed Mortgage (as defined in the Asset Purchase Agreement), whether or not the assignment and assumption of the Assumed Mortgage has occurred on the Acquisition Closing Date),

(4) Interest Swap Obligations of the Company or any of its Subsidiaries covering Indebtedness of the Company or any of its Subsidiaries; PROVIDED, HOWEVER, that any Indebtedness to which any such Interest Swap Obligations correspond is otherwise permitted to be incurred under this Note Agreement; PROVIDED, FURTHER, that such Interest Swap Obligations are entered into, in the judgment of the Company, to protect the Company or any of its Subsidiaries from fluctuation in interest rates on their respective outstanding Indebtedness,

(5) Indebtedness under Currency Agreements,

(6) intercompany Indebtedness owed by the Company to any Wholly Owned Restricted Subsidiary of the Company or by any Restricted Subsidiary of the Company to the Company or any Wholly Owned Restricted Subsidiary of the Company for so long as such Indebtedness is held by the Company or a Wholly Owned Restricted Subsidiary of the Company in each case subject to no Lien held by a Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company; PROVIDED, HOWEVER, that if as of any date any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company owns or holds any such Indebtedness or holds a Lien in respect of such Indebtedness, such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness by the issuer of such Indebtedness under this clause (6),

(7) Acquired Indebtedness to the extent the Company could have incurred such Indebtedness in accordance with clause 11 or 12 of this

definition on the date such Indebtedness became Acquired Indebtedness,

(8) (A) guarantees by Restricted Subsidiaries pursuant to Section 4.17 or guarantees by Restricted Subsidiaries of Indebtedness of other Restricted Subsidiaries to the extent that such Indebtedness is otherwise permitted under this Note Agreement and (B) guarantees by the Company of its Wholly Owned Restricted Subsidiaries' Indebtedness; PROVIDED that such Indebtedness is otherwise permitted to be incurred under this Note Agreement,

(9) guarantees, letters of credit and indemnity agreements relating to performance and surety bonds incurred in the Ordinary Course of Business,

(10) any refinancing, modification, replacement, renewal, deferral, extension, substitution, supplement, reissuance or resale of Indebtedness referred to in clauses (2), (3) or (7) of this definition, including any additional Indebtedness incurred to pay premiums required by the instruments governing such Indebtedness as in effect at the time of issuance thereof ("REQUIRED

PREMIUMS") and fees in connection therewith; PROVIDED, HOWEVER, that any such event shall not (1) result in an increase in the aggregate principal amount of Permitted Indebtedness (except to the extent such increase is a result of a simultaneous incurrence of additional Indebtedness (A) to pay Required Premiums and related fees or (B) otherwise permitted to be incurred under this Note Agreement) of the Company and its Subsidiaries, (2) create Indebtedness with a stated maturity date earlier than the stated maturity date of the Indebtedness being refinanced or (3) create Indebtedness with a Weighted Average Life to Maturity at the time such Indebtedness is incurred that is less than the Weighted Average Life to Maturity at such time of the Indebtedness being refinanced, modified, replaced, renewed, deferred, extended, or substituted, supplemented, reissued or resold, (provided that no refinancing, modification, replacement, renewal, deferral, extension, substitution, supplement, reissuance or resale of the New Credit Agreement providing for a stated maturity date of the Indebtedness thereunder later than April 26, 2007 shall constitute Permitted Indebtedness unless the payment of the principal of the Securities at their stated maturity is permitted thereby absent a default or event of default thereunder),

(11) additional Indebtedness of the Company or any Restricted Subsidiary if (a) no Default or Event of Default shall have occurred and be continuing at the time of the proposed incurrence thereof or shall occur as a result of such proposed incurrence and (b) after giving effect to such proposed incurrence the Consolidated Senior Debt Ratio would not be greater than 2.5 to 1, and

(12) additional Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount not to exceed $10 million at any one time outstanding.

"PERMITTED INVESTMENTS" means

(1) Investments by the Company or any Restricted Subsidiary of the Company in, or for the benefit of, any Restricted Subsidiary of the Company (whether existing on the Issue Date or created thereafter and including Investments in any Person, if after giving effect to such Investment, such Person would be a Restricted Subsidiary of the Company or such Person is merged, consolidated or amalgamated with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company) and Investments in, or for the benefit of, the Company by any Restricted Subsidiary of the Company;

(2) cash and Cash Equivalents;

(3) Investments existing on the Issue Date;

(4) Investments in securities of trade creditors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers or in settlement of or other resolution of claims or disputes, and in each case, extensions, modifications and remands thereof;

(5) so long as no Default or Event of Default has occurred and is continuing, loans and advances by the Company and its Restricted Subsidiaries to their respective employees not to exceed $1 million at

any one time outstanding;

(6) Investments received by the Company or its Restricted Subsidiaries as consideration for asset sales, including Asset Sales; PROVIDED, HOWEVER, in the case of an Asset Sale, such Asset Sale is effected in compliance with Section 4.16;

(7) Currency Agreements and Interest Swap Obligations entered into in the ordinary course of the Company's or its Restricted Subsidiaries' business and otherwise in compliance with this Note Agreement;

(8) guarantees by the Company or any of its Restricted Subsidiaries of Indebtedness or other obligations otherwise permitted to be incurred by the Company or any of its Restricted Subsidiaries under this Note Agreement;

(9) so long as no Default or Event of Default has occurred and is continuing, Investments in Joint Ventures not to exceed $25 million at any one time outstanding; and

(10) any Investments received in exchange for the issuance of Qualified Capital Stock of the Company or any warrants, rights or options to purchase or acquire shares of any such Qualified Capital Stock.

"PERMITTED JUNIOR SECURITIES" means

(1) Qualified Capital Stock of the Company or any Guarantor; or

(2) debt securities that are subordinated to (a) all Senior Debt or Guarantor Senior Debt and (b) any debt securities issued in exchange for Senior Debt or Guarantor Senior Debt to substantially the same extent as, or to a greater extent than, the Securities and the Guarantees of the Securities are subordinated to Senior Debt and Guarantor Senior Debt, respectively, under this Note Agreement.

"PERMITTED LIENS" means

(1) Liens securing Indebtedness consisting of Capitalized Lease Obligations;

(2) Liens securing any Senior Debt or Guarantor Senior Debt, including liens securing the New Credit Agreement;

(3) Liens on property existing at the time of acquisition thereof by the Company or a Restricted Subsidiary; PROVIDED that such Liens were in existence prior to the contemplation of such acquisition;

(4) Liens at any time outstanding with respect to assets of the Company and its Restricted Subsidiaries, the fair market value of which at the time the Lien was imposed does not exceed $2 million;

(5) Liens securing Indebtedness incurred pursuant to clauses (9) or (12) of the definition of Permitted Indebtedness; or

(6) Liens created to replace Liens described in clause (3) above to the extent that such Liens do not extend beyond the originally encumbered property (other than improvements thereto or thereon, attachments and other modifications reasonably required to maintain such property) and are not otherwise materially less favorable to the Company and its Restricted Subsidiaries than the Liens being replaced, as determined by the Board of Directors of the Company in good faith.

"PERSON" means an individual, partnership, corporation, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"PREFERRED STOCK" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"PRINCIPAL" of any Indebtedness (including the Securities) means the principal amount of such Indebtedness plus the premium, if any, on

such Indebtedness.

"PRO FORMA" means, with respect to any calculation made or required to be made pursuant to the terms of this Note Agreement, a calculation in accordance with Article II of Regulation S-X under the Securities Act.

"PRO RATA SHARE" has the meaning set forth in Section 4.16.

"PRODUCTIVE ASSETS" means assets of a kind used or usable in the business of the Company and its Restricted Subsidiaries as conducted on the date of the relevant Asset Sale or in a Related Business (including Capital Stock in any such business or Related Business and licenses or similar rights to operate); PROVIDED, HOWEVER, that accounts receivable acquired as part of an acquisition of assets of a kind used or usable in such business shall be deemed to be Productive Assets.

"QUALIFIED CAPITAL STOCK" means any stock that is not Disqualified Capital Stock.

"RECORD DATE" means the applicable Record Date (whether or not a Business Day) specified in the Securities.

"REDEMPTION DATE," when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to this Note Agreement and the Securities.

"REDEMPTION PRICE," when used with respect to any Security to be redeemed, means the price fixed for such redemption, payable in immediately available funds, pursuant to this Note Agreement and the Securities.

"RELATED BUSINESS" means the businesses of the Company and its Restricted Subsidiaries as conducted on the Issue Date and similar, complementary or related businesses or reasonable extensions, developments or expansions thereof.

"RESTRICTED INVESTMENT" means an Investment other than a Permitted Investment.

"RESTRICTED PAYMENT" has the meaning set forth in Section 4.02.

"RESTRICTED SECURITY" has the meaning set forth in Rule 144(a)(3) under the Securities Act.

"RESTRICTED SUBSIDIARY" of any Person means any Subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary.

"S&P" means Standard & Poor's, A division of the McGraw-Hill Companies, and its successors.

"SALE AND LEASEBACK TRANSACTION" means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such Property; PROVIDED, HOWEVER, that a Sale and Leaseback Transaction shall not include a transaction or series of related transactions for which the Company or its Restricted Subsidiaries receive aggregate consideration (exclusive of indemnities) of less than $2 million (a "DE MINIMIS TRANSACTION") so long as the aggregate consideration (exclusive of indemnities) received by the Company or its Restricted Subsidiaries from all De Minimis Transactions does not exceed an aggregate of $2 million.

"SECURITIES ACT" means the Securities Act of 1933, as amended, or any successor statute or statutes thereto.

"SECURITYHOLDER" or "HOLDER" means the Person in whose name a Security is registered on the books of the Company.

"SENIOR DEBT" means the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on any Permitted Indebtedness of the Company, whether outstanding on the Issue Date or thereafter created, incurred or assumed as permitted under this Note Agreement, unless, in the case of any particular Permitted Indebtedness, the

instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Permitted Indebtedness shall not be senior in right of payment to the Securities. Without limiting the generality of the foregoing, "Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on, and all other amounts owing in respect of, all monetary obligations (including guarantees thereof) of every nature of the Company under the New Credit Agreement, including, without limitation, obligations to pay principal and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities. "Senior Debt" shall not include

(1) Indebtedness evidenced by the Securities;

(2) any Indebtedness of the Company to a Subsidiary of the Company;

(3) Indebtedness to, or guaranteed on behalf of, any director, officer or employee of the Company or of any Subsidiary of the Company or Affiliate of the Company (including, without limitation, amounts owed for compensation);

(4) trade payables and other current liabilities arising in the Ordinary Course of Business in connection with obtaining goods, materials or services;

(5) any liability for federal, state, local or other taxes owed or owing by the Company;

(6) that portion of any Indebtedness incurred in violation of this Note Agreement;

(7) any Indebtedness other than Indebtedness under the New Credit Agreement which is, by its express terms, subordinated in right of payment to any other Indebtedness of the Company; and

(8) any Indebtedness which, when incurred and without respect to any other election under Section 1111(b) of Title 11, United States Code, is without recourse to the Company.

"SUBSIDIARY," with respect to any Person, means (i) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person, or (ii) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person.

"SURVIVING ENTITY" has the meaning set forth in Section 5.01.

"TRANSACTIONS" means (1) the acquisition of substantially all the assets of Casual Male and certain related entities pursuant to the form of Asset Purchase Agreement dated as of May 2, 2002 (as the same may hereafter be amended, the "ASSET PURCHASE AGREEMENT"), by and among the Company, Casual Male and certain such entities (the "CASUAL MALE ACQUISITION"), (2) the execution and delivery of the New Credit Agreement and the anticipated borrowing of up to approximately $140 million thereunder in connection with the consummation of the Casual Male Acquisition, (3) the issuance of Preferred Stock, Common Stock and/or warrants and the application of proceeds thereof to, among other things, the consummation of the Casual Male Acquisition and the payment of fees and expenses in connection therewith, (4) the issuance of the Company's 5% Subordinated Notes due April 26, 2007 and (5) the issuance of the Securities pursuant to this Note Agreement.

"UNRESTRICTED SUBSIDIARY" of any Person means

(1) any Subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; PROVIDED, HOWEVER, that each

Subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any of its Restricted Subsidiaries except to the extent permitted by Section 4.03.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if

(x) immediately after giving effect to such designation, the Company is able to incur at least $1.00 of additional Permitted Indebtedness and

(y) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing.

Any such designation by the Board of Directors shall be evidenced by the resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. GOVERNMENT OBLIGATIONS" means direct obligations of and obligations guaranteed by the United States of America for the payment of which the full faith and credit of the United States of America is pledged.

"U.S. LEGAL TENDER" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness at any date, the number of years obtained by dividing

(a) the then outstanding aggregate principal amount of such Indebtedness into

(b) the sum of the total of the products obtained by multiplying

(1) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by

(2) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"WHOLLY OWNED RESTRICTED SUBSIDIARY" of any Person means any Restricted Subsidiary of such Person of which all the outstanding voting securities (other than directors' qualifying shares) are owned by such Person or any Wholly Owned Restricted Subsidiary of such Person.

SECTION 1.02. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

(1) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(2) "or" is not exclusive;

(3) words in the singular include the plural, and words in the plural include the singular;

(4) provisions apply to successive events and transactions; and

(5) "herein," "hereof" and other words of similar import refer to this Note Agreement as a whole and not to any particular Article, Section or other subdivision.

ARTICLE TWO

THE SECURITIES

SECTION 2.01. FORM AND DATING.

The Securities shall be substantially in the form of EXHIBIT A hereto. Each Security shall have an executed Guarantee from each of the Guarantors endorsed thereon substantially in the form of EXHIBIT B hereto.

Upon any transfer provided for in Section 2.05, the Company shall execute and deliver to the Person specified by the Assignment Form attached to such Security a new Security in such names and in such authorized denominations as such Assignment Form. Thereupon, the beneficial ownership of such Security shown on the records maintained by the Company shall be amended to reflect such transfer.

The Company shall act as registrar to maintain a record of the issuance, registered transfer and registered Holder of each Security.

SECTION 2.02. REPLACEMENT SECURITIES.

If a mutilated Security is surrendered to the Company or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue a replacement Security if the Company's requirements are met. If required by the Company, such Holder shall provide an indemnity bond or other indemnity, sufficient in the judgment of the Company, to protect the Company and the Guarantors from any loss which any of them may suffer if a Security is replaced. The Company may charge such Holder for its reasonable out-of-pocket expenses in replacing a Security, including reasonable fees and expenses of counsel. Every replacement Security shall constitute an additional obligation of the Company and every replacement Guarantee shall constitute an additional obligation of the Guarantors.

SECTION 2.03. TREASURY SECURITIES.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or any of its Affiliates shall be disregarded.

SECTION 2.04. DEFAULTED INTEREST.

The Company will pay interest on overdue principal from time to time on demand at the rate of interest then borne by the Securities. The Company shall, to the extent lawful, pay interest on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the rate of interest then borne by the Securities. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and, in the case of a partial month, the actual number of days elapsed.

If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest, plus (to the extent lawful) any interest payable on the defaulted interest, to the Persons who are Holders.

SECTION 2.05 ASSIGNMENT AND TRANSFER.

Neither any Security nor any beneficial interest therein may be sold, assigned or otherwise transferred except (a) in a principal amount of not less than $2 million, (b) in accordance with applicable securities laws (as referenced in the restrictive legend appearing on the form of Security), (c) by due execution and delivery of the Form of Assignment attached to such Security, and (d) with the consent of the Company, which consent shall not unreasonably be withheld.

ARTICLE THREE

REDEMPTION

SECTION 3.01. NOTICES.

If the Company elects to redeem Securities pursuant to the optional redemption provisions of Paragraph 5 or Paragraph 6 of the Securities, it shall notify the Holders in writing of the Redemption Date, the Redemption Price and the principal amount of Securities to be redeemed at least 15 days but not more than 30 days before the Redemption Date together with an Officers' Certificate and an Opinion of Counsel stating that such redemption will comply with the conditions contained herein. Any such notice may be cancelled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

SECTION 3.02. SELECTION OF SECURITIES TO BE REDEEMED.

In the event that less than all of the Securities are to be redeemed at any time pursuant to the optional redemption provisions of Paragraph 4 or Paragraph 5 of the Securities, selection of such Securities for redemption will be made by the Company on a PRO RATA basis among all of the Holders (based upon the relative principal amounts of Securities held by each such Holder).

The Company may select for redemption portions of the principal amount at maturity of the Securities that have denominations larger than $1,000. Securities and portions of them that the Company selects shall be in principal amounts at maturity of $1,000 or a multiple thereof. Provisions of this Note Agreement that apply to Securities called for redemption also apply to portions of Securities called for redemption.

SECTION 3.03. EFFECT OF NOTICE OF REDEMPTION.

Unless the Company defaults in the payment when due of such Redemption Price plus accrued interest, if any, interest on the Securities to be redeemed will cease to accrue on and after the applicable Redemption Date, whether or not such Securities are presented for payment.

SECTION 3.04. SECURITIES REDEEMED IN PART.

Upon surrender and cancellation of a Security that is to be redeemed in part only, the Company shall deliver to the Holder a new Security or Securities in a principal amount equal to the unredeemed portion of the Security surrendered.

SECTION 3.05. SPECIAL MANDATORY REDEMPTION.

THE PROVISIONS OF THIS SECTION 3.05 SHALL BE VOID AND OF NO FURTHER FORCE AND EFFECT FROM AND AFTER MAY 14, 2002.

In the event that the funds deposited with Casual Male have been released to the Company (or its designee) in accordance with the requirements of the Bidding Procedures Order (a "MANDATORY REDEMPTION EVENT"):

(i) The Company shall notify the Holders in writing on the next succeeding Business Day after a Mandatory Redemption Event that the Company will redeem the Securities on a specified Redemption Date no later than the Mandatory Redemption Date at the Mandatory Redemption Price plus accrued and unpaid interest to the Redemption Date (the "MANDATORY REDEMPTION").

(ii) Within one Business Day after a Mandatory Redemption Event, the Company shall mail a notice (the "MANDATORY REDEMPTION NOTICE") by first class mail, postage prepaid, to each Holder at its registered address. The Mandatory Redemption Notice shall identify:

(1) the Mandatory Redemption Date;

(2) the Mandatory Redemption Price and the amount of accrued interest to be paid;

(3) that Securities called for redemption must be surrendered to the Company at its offices at Needham, Massachusetts (or such other office of the Company as the Company may have specified in such Mandatory Redemption Notice) to collect the Mandatory Redemption Price plus accrued interest, if any;

(4) that, unless the Company defaults in making the redemption payment, interest on Securities called for redemption ceases to accrue on and after the Redemption Date, and the only remaining right of the Holders of such Securities is to receive payment of the Mandatory Redemption Price upon surrender to the Company of the Securities redeemed; and

(5) the Securities are to be redeemed pursuant to this Section 3.05.

ARTICLE FOUR

COVENANTS

SECTION 4.01. PAYMENT OF SECURITIES.

The Company will pay the principal of and interest on the Securities in the manner provided in the Securities and in this Note Agreement. Interest including defaulted interest, if any, will be computed on the basis of

a 360-day year comprised of twelve 30-day months and in the case of a partial month, the actual number of days elapsed. The interest rate in respect of any overdue installment of interest on the Securities which is not paid when due by virtue of Article 8 hereof shall be increased by 500 basis points, to a rate of 17% per annum.

Notwithstanding anything to the contrary contained in this Note Agreement, the Company may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from principal, premium or interest payments hereunder.

SECTION 4.02. LIMITATION ON RESTRICTED PAYMENTS.

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly,

(a) declare or pay any dividend or make any distribution (other than dividends or distributions payable in Qualified Capital Stock of the Company or in warrants, rights or options to acquire Qualified Capital Stock of the Company) on or in respect of shares of the Company's Capital Stock to holders of such Capital Stock,

(b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company or any warrants, rights or options to purchase or acquire shares of any class of such Capital Stock, other than the exchange of such Capital Stock, warrants, rights or options for Qualified Capital Stock and/or for warrants, rights or options to acquire Qualified Capital Stock, or

(c) make any Investment (other than Permitted Investments)

(each of the foregoing actions set forth in clauses (a), (b) and (c) being referred to as a "RESTRICTED PAYMENT"), if at the time of such Restricted Payment or immediately after giving effect thereto,

(1) a Default or an Event of Default shall have occurred and be continuing,

(2) the Company could not incur at least $1.00 of Indebtedness pursuant to Section 4.03, or

(3) the aggregate amount of Restricted Payments made subsequent to the Issue Date shall exceed the sum of:

(x) 50% of the cumulative Consolidated Net Income, or if cumulative Consolidated Net Income shall be a loss, minus 100% of such loss, of the Company earned subsequent to the Issue Date and on or prior to the last day of the most recent fiscal quarter for which financial statements are available prior to such proposed Restricted Payments, treating such period as a single accounting period, plus

(y) 100% of the aggregate Net Cash Proceeds received by the Company from any Person from the issuance and sale subsequent to the Issue Date and on or prior to the date the Restricted Payment occurs of Qualified Capital Stock, or in respect of warrants, rights or options to acquire Qualified Capital Stock, excluding Qualified Capital Stock issued upon the conversion of, or in exchange for, Capital Stock of the Company or its Subsidiaries.

Notwithstanding the foregoing, the provisions set forth in the immediately preceding paragraph shall not prohibit

(1) the payment of any dividend or distribution or the redemption of any securities within 60 days after the date of declaration of such dividend or distribution or the giving of formal notice by the Company of such redemption, if the dividend or distribution would have been permitted on the date of declaration or the redemption would have been permitted on the date of the giving of the formal notice thereof; and

(2) the repurchase of any Capital Stock of the Company or any warrants, rights or options to purchase or acquire shares of any such Capital Stock deemed to occur upon the exercise of stock options to

acquire Qualified Capital Stock or other similar arrangements to acquire Qualified Capital Stock if such repurchased Capital Stock or warrants, rights or options to acquire shares of any such Capital Stock represent a portion of the exercise price thereof.

SECTION 4.03. LIMITATION ON INCURRENCE OF ADDITIONAL INDEBTEDNESS.

The Company will not, and will not permit any of its Restricted Subsidiaries to, incur any Indebtedness, other than Permitted Indebtedness.

Neither the Company nor any Guarantor will, directly or indirectly, in any event incur any Indebtedness other than Indebtedness under the New Credit Agreement which, by its terms or by the terms of any agreement governing such Indebtedness, is both subordinated pursuant to its terms in right of payment to any other Indebtedness of the Company or such Guarantor, as the case may be, and senior in right of payment to the Securities or any such Guarantor's Guarantee, as the case may be.

SECTION 4.04. CORPORATE EXISTENCE.

Except as otherwise permitted by Article Five, the Company shall do or cause to be done, at its own cost and expense, all things necessary to preserve and keep in full force and effect its corporate existence and the corporate, partnership or other existence of each of the Subsidiaries in accordance with the respective organizational documents of the Company or the Subsidiary, as the case may be, and the rights (charter and statutory) and material franchises of the Company and each of the Subsidiaries; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right or franchise, or the corporate existence of any Subsidiary, if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and each of the Subsidiaries, taken as a whole and that the loss thereof is not adverse in any material respect to the Holders.

SECTION 4.05. PAYMENT OF TAXES AND OTHER CLAIMS.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all material taxes, assessments and governmental charges levied or imposed upon it or any of the Subsidiaries or upon the income, profits or property of it or any of the Subsidiaries and (b) all lawful claims for labor, materials and supplies which, in each case, if unpaid, might by law become a material liability or Lien upon the property of it or any of the Subsidiaries; PROVIDED, HOWEVER, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate provision has been made or for which adequate reserves, to the extent required under GAAP, have been taken.

SECTION 4.06. MAINTENANCE OF PROPERTIES AND INSURANCE.

(a) The Company shall cause all material properties owned by or leased by it or any of its Subsidiaries used or useful to the conduct of its business or the business of any of its Subsidiaries to be maintained and kept in normal condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals and replacements thereof, all as in its judgment may be reasonably necessary, so that the business carried on in connection therewith may be properly conducted at all times; PROVIDED, HOWEVER, that nothing in this Section 4.06 shall prevent the Company or any of the Subsidiaries from discontinuing the use, operation or maintenance of any of such properties, or disposing of any of them, if such properties are, in the reasonable and good faith judgment of the Board of Directors of the Company or such Subsidiary, as the case may be, no longer reasonably necessary in the conduct of their respective businesses or such disposition is otherwise permitted by this Note Agreement.

(b) The Company shall provide or cause to be provided, for itself and each of its Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds that, in the reasonable, good faith judgment of the Board of Directors of the Company, are adequate and appropriate for the conduct of the business of the Company and such Subsidiaries in a prudent manner, with reputable insurers or with the government of the United States of America or an agency or instrumentality thereof, in such amounts, with such deductibles and by such methods as shall be customary, in the good faith judgment of the Board of Directors of the Company, for companies similarly situated in the industry.

SECTION 4.07. COMPLIANCE CERTIFICATE; NOTICE OF DEFAULT.

(a) The Company shall deliver to the Holders, within 90 days after the end of each of the Company's fiscal years, an Officers' Certificate (signed by the principal executive officer, principal financial officer and principal accounting officer) stating that a review of its activities and the activities of its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing officers with a view to determining whether it has kept, observed, performed and fulfilled its obligations under this Note Agreement and further stating, as to each such officer signing such certificate, that to the best of his knowledge the Company during such preceding fiscal year has kept, observed, performed and fulfilled each and every such obligation and no Default or Event of Default has occurred during such year and at the date of such certificate there is no Default or Event of Default that has occurred and is continuing or, if such signers do know of such Default or Event of Default, the certificate shall describe the Default or Event of Default and its status in reasonable detail.

(b) So long as any of the Securities are outstanding, if any Default or Event of Default has occurred and is continuing, the Company shall promptly deliver to the Holders an Officers' Certificate specifying such event, notice or other action within 10 Business Days of its becoming aware of such occurrence.

SECTION 4.08. COMPLIANCE WITH LAWS.

The Company will comply, and will cause each of the Subsidiaries to comply, with all applicable statutes, rules, regulations, orders and restrictions of the United States, all states and municipalities thereof, and of any governmental department, commission, board, regulatory authority, bureau, agency and instrumentality of the foregoing, in respect of the conduct of their respective businesses and the ownership of their respective properties, except for such noncompliances as are being contested in good faith and by appropriate proceedings and except for such noncompliances as would not

in the aggregate have a material adverse effect on the financial condition or results of operations of the Company and its Subsidiaries taken as a whole.

SECTION 4.09. COMMISSION REPORTS.

(a) The Company will deliver to the Holders promptly, but in any event no later than 15 days after it files with the Commission, copies of the quarterly and annual reports and of the information, documents and other reports, if any, which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act.

(b) Regardless of whether the Company is required to furnish such reports to its stockholders pursuant to the Exchange Act, the Company (at its own expense) shall cause its consolidated financial statements, comparable to those which would have been required to appear in annual or quarterly reports, to be delivered to the Holders.

SECTION 4.10. LIMITATIONS ON TRANSACTIONS WITH AFFILIATES.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions with any of its Affiliates (an "AFFILIATE TRANSACTION"), other than

(x) Affiliate Transactions permitted under the next paragraph and

(y) Affiliate Transactions on terms that are no less favorable to the Company or such Restricted Subsidiary than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate;

PROVIDED, HOWEVER, that for a transaction or series of related transactions with an aggregate value of $1 million or more, such determination shall be made in good faith by a majority of the disinterested members of the Board of the Directors of the Company.

The foregoing restrictions shall not apply to

(1) reasonable fees and compensation paid to, and indemnity provided on behalf of, officers, directors, employees or consultants of the Company or any Subsidiary as determined in good faith by the Company's Board of Directors;

(2) transactions between or among the Company and any of its

Restricted Subsidiaries so long as no portion of the minority interest in such Restricted Subsidiary is owned by an Affiliate of the Company (other than a Wholly Owned Subsidiary of the Company or directors or officers of such Subsidiary that hold stock of such Subsidiary to the extent that local law requires a resident of such jurisdiction to own stock of such company) or between or among such Restricted Subsidiaries; PROVIDED such transactions are not otherwise prohibited by this Note Agreement;

(3) any agreement, understanding or arrangement in effect as of the Issue Date or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) or in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Holders in any material respect, taken as a whole, than the original agreement as in effect on the Issue Date;

(4) Permitted Investments and Restricted Payments permitted by this Note Agreement;

(5) commercially reasonable transactions between the Company or a Restricted Subsidiary and any Joint Venture in the Ordinary Course of Business that have been determined by the Board of Directors of the Company to comply with clause (y) of the first paragraph above; and

(6) any agreement, understanding or arrangement of Casual Male or its Subsidiaries as in effect on the Acquisition Closing Date or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) or in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Holders in any material respect, taken as a whole, than the original agreement as in effect on the Acquisition Closing Date.

SECTION 4.11. LIMITATION ON DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to

(a) pay dividends or make any other distributions on or in respect of its Capital Stock;

(b) make loans or advances to or pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary of the Company; or

(c) transfer any of its property or assets to the Company or any other Restricted Subsidiary of the Company,

except for such encumbrances or restrictions existing under or by reason of:

(1) applicable law and agreements with governmental authorities with respect to assets located in their jurisdiction,

(2) the Securities, this Note Agreement or any Guarantee,

(3) (A) customary provisions restricting (1) the subletting or assignment of any lease or (2) the transfer of copyrighted or patented materials, (B) provisions in agreements that restrict the assignment of such agreements or rights thereunder or (C) provisions of a customary nature contained in the terms of Capital Stock restricting the payment of dividends and the making of distributions on Capital Stock,

(4) any agreement or instrument governing Acquired Indebtedness, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than (a) the Person or the properties or assets of the Person so acquired (including the Capital Stock of such Person), or (b) any Restricted Subsidiary having no assets other than (i) the Person or the properties or assets of the Person so acquired (including the Capital Stock of such Person) and (ii) other assets having a fair market value not in excess of $2 million, and, in each case, the monetary proceeds thereof,

(5) any agreement or instrument governing Senior Debt or Guarantor Senior Debt, including the New Credit Agreement,

(6) any agreement or instrument governing Indebtedness incurred pursuant to clause (12) of the definition of Permitted Indebtedness,

(7) restrictions on the transfer of assets subject to any Lien permitted under this Note Agreement,

(8) restrictions imposed by any agreement to sell assets not in violation of this Note Agreement to any Person pending the closing of such sale,

(9) customary rights of first refusal with respect to the Company's and its Restricted Subsidiaries' interests in their respective Restricted Subsidiaries and joint ventures,

(10) Indebtedness of a Person that was a Restricted Subsidiary at the time of incurrence and the incurrence of which Indebtedness is permitted by Section 4.03; provided that such encumbrances and restrictions apply only to such Restricted Subsidiary and its assets; and provided, further, that the Board of Directors of the Company has determined in good faith, at the time of creation of each such encumbrance or restriction, that such encumbrances and restrictions would not singly or in the aggregate have a materially adverse effect on the Holders of the Securities,

(11) the subordination of any Indebtedness owed by the Company or any of its Restricted Subsidiaries to the Company or any other Restricted Subsidiary to any other Indebtedness of the Company or any of its Restricted Subsidiaries; provided (A) such other Indebtedness is permitted under this Note Agreement and (B) the Board of Directors of the Company has determined in good faith, at the time of creation of each such encumbrance or restriction, that such encumbrances and restrictions would not singly or in the aggregate have a materially adverse effect on the Holders of the Securities, or

(12) an agreement effecting a refinancing, replacement or substitution of Indebtedness issued, assumed or incurred pursuant to an agreement referred to in clauses (2), (4) and (5) above or any other agreement evidencing Indebtedness permitted under this Note Agreement; provided, however, that the provisions relating to such encumbrance or restriction contained in any such refinancing, replacement or substitution agreement or any such other agreement are not less favorable to the Company in any material respect as determined by the Board of Directors of the Company than the provisions of the Indebtedness being refinanced.

SECTION 4.12. LIMITATION ON LIENS.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien securing Indebtedness (other than Permitted Liens) upon any property or asset now owned or hereafter acquired by them, or any income or profits therefrom, or assign or convey any right to receive income therefrom; PROVIDED, HOWEVER, that in addition to creating Permitted Liens on their properties or assets, the Company and any of its Restricted Subsidiaries may create any Lien securing Indebtedness upon any of their properties and assets (including, but not limited to, any Capital Stock of its Subsidiaries) if the Securities are equally and ratably secured.

SECTION 4.13. CHANGE OF CONTROL.

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require that the Company repurchase all or a portion of such Holder's Securities, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

(b) Prior to the mailing of the notice described in paragraph (c) below, but in any event within 30 days following any Change of Control, the Company covenants to use reasonable efforts in good faith to obtain the requisite consents under the New Credit Agreement and all such other Senior Debt to permit the purchase of the Securities as provided below.

The Company shall first comply with the covenant in the immediately preceding

sentence before it shall be required to repurchase Securities pursuant to the provisions described below. The Company's failure to comply with this Section 4.13 if such consents are not obtained despite such efforts shall not constitute an Event of Default.

(c) Within 10 days following the date upon which a Change of Control occurred, the Company shall send, by first class mail, a notice to each Holder, which notice shall govern the terms of the Change of Control offer to purchase (the "CHANGE OF CONTROL OFFER"). The notice to the Holders shall contain all instructions and materials necessary to enable such Holders to tender Securities pursuant to the Change of Control Offer. Such notice shall state:

(1) that the Change of Control Offer is being made pursuant to this Section 4.13 and that all Securities tendered and not withdrawn will be accepted for payment;

(2) the purchase price (including the amount of accrued interest) and the purchase date, which shall be no earlier than 30 days nor later than 45 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date");

(3) that any Security not tendered will continue to accrue interest;

(4) that, unless the Company defaults in making payment therefor, any Security accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have a Security purchased pursuant to a Change of Control Offer will be required to surrender the Security, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security completed, to the Company at the address specified in the notice prior to 5:00 p.m. New York City time on the third Business Day prior to the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Company receives, not later than 5:00 p.m. New York time on the second Business Day prior to the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Securities the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Security purchased;

(7) that Holders whose Securities are purchased only in part will be issued new Securities in a principal amount equal to the unpurchased portion of the Securities surrendered; and

(8) the circumstances and relevant facts regarding such Change of Control.

On or before the Change of Control Payment Date, the Company shall accept for payment Securities or portions thereof tendered (in integral multiples of $1,000) pursuant to the Change of Control Offer. The Company shall promptly mail to the Holders of Securities so accepted payment in an amount equal to the purchase price plus accrued and unpaid interest, if any, thereon to the Change of Control Payment Date and shall promptly mail to such Holders new Securities equal in principal amount to any unpurchased portion of the Securities surrendered. Any Securities not so accepted shall be promptly mailed by the Company to the Holder thereof.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent, if any, such laws and regulations are applicable in connection with the repurchase of Securities pursuant to a Change of Control Offer. To the extent the provisions of any securities laws or regulations conflict with the provisions under this Section 4.13, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.13 by virtue thereof.

SECTION 4.14. LIMITATION ON PREFERRED STOCK OF RESTRICTED SUBSIDIARIES.

The Company will not permit any of its Restricted Subsidiaries that are not Guarantors of the Securities to issue any Preferred Stock (other than to the Company or to a Wholly Owned Restricted Subsidiary of the Company) or permit any Person (other than the Company or a Wholly Owned Restricted Subsidiary of the Company) to own any Preferred Stock of any Restricted

Subsidiary of the Company that is not a Guarantor of the Securities.

SECTION 4.15. LIMITATION ON SALE AND LEASEBACK TRANSACTIONS.

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; PROVIDED that the Company and any Guarantor may enter into a Sale and Leaseback Transaction if

(1) the Company or such Guarantor could have

(a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such Sale and Leaseback Transaction pursuant to Section 4.03 and

(b) incurred a Lien to secure such Indebtedness pursuant to Section 4.12,

(2) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors and set forth in an Officers' Certificate, of the property that is the subject of such Sale and Leaseback Transaction and

(3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and the Company or the applicable Guarantor applies the proceeds of such transaction in accordance with, Section 4.16.

SECTION 4.16. LIMITATION ON ASSET SALES.

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless

(1) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least substantially equal to the fair market value of the assets sold or otherwise disposed of (taking into account any associated liabilities and other considerations), as determined in good faith by the Company's Board of Directors, and

(2) upon the consummation of an Asset Sale, the Company shall apply directly or through a Restricted Subsidiary, or cause such Restricted Subsidiary to apply, the Net Cash Proceeds relating to such Asset Sale within 360 days of receipt thereof either (A) to repay Senior Debt (and in the case of any Indebtedness outstanding under a revolving credit facility, to permanently reduce the amounts that may be reborrowed thereunder by an equivalent amount), with the Net Cash Proceeds received in respect thereof, (B) to reinvest in Productive Assets, or (C) a combination of prepayment, reduction and investment permitted by the foregoing clauses (2)(A) and (2)(B);

On the 361st day after an Asset Sale or such earlier date, if any, as the Board of Directors of the Company or of such Restricted Subsidiary determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in clauses (2)(A), (2)(B) and (2)(C) of the preceding sentence (each, a "NET PROCEEDS OFFER TRIGGER DATE"), such aggregate amount of Net Cash Proceeds which have not been so applied on or before such Net Proceeds Offer Trigger Date as permitted in clauses (2)(A), (2)(B) and (2)(C) of the preceding sentence (each, a "NET PROCEEDS OFFER AMOUNT") shall be applied by the Company to make an offer to repurchase (the "NET PROCEEDS OFFER") on a date (the "NET PROCEEDS OFFER PAYMENT DATE") not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date, from all Holders on a PRO RATA basis that amount of Securities equal to the Net Proceeds Offer Amount multiplied by a fraction, the numerator of which is the aggregate principal amount of Securities then outstanding and the denominator of which is the sum of the aggregate principal amount of Securities and Pari Passu Indebtedness then outstanding (the "PRO RATA SHARE"), at a price equal to 100% of the principal amount of the Securities to be repurchased, plus accrued interest to the date of repurchase.

Notwithstanding the foregoing, if a Net Proceeds Offer Amount is less than $2 million, the application of the Net Cash Proceeds constituting such Net Proceeds Offer Amount to a Net Proceeds Offer may be deferred until such time as such Net Proceeds Offer Amount plus the aggregate amount of all Net Proceeds Offer Amounts arising subsequent to the Net Proceeds Offer Trigger Date relating to such initial Net Proceeds Offer Amount from all Asset Sales by the Company and its Restricted Subsidiaries aggregates at least $2 million, at which time the Company shall apply all Net Cash Proceeds constituting all Net Proceeds Offer Amounts that have been so deferred to make a Net Proceeds Offer, the first date the aggregate of all such deferred Net Proceeds Offer Amounts is equal to

$2 million or more being deemed to be a Net Proceeds Offer Trigger Date. To the extent that the aggregate purchase price of Securities tendered pursuant to any Net Proceeds Offer is less than the Pro Rata Share, the Company or any Guarantor may use such amount for general corporate purposes. Upon completion of any Net Proceeds Offer, the Net Proceeds Offer Amount shall be reset to zero.

Notwithstanding the first two paragraphs of this Section 4.16, the Company and its Restricted Subsidiaries will be permitted to consummate an Asset Sale without complying with such paragraphs to the extent

(1) any portion of the consideration for such Asset Sale constitutes Productive Assets

and

(2) such Asset Sale is for substantially fair market value, as determined in good faith by the Company's Board of Directors; PROVIDED that the fair market value of any consideration

not constituting Productive Assets received by the Company or any of its Restricted Subsidiaries in connection with any Asset Sale permitted to be consummated under this paragraph shall constitute Net Cash Proceeds subject to the provisions of the first two paragraphs of this Section 4.16.

Notice of a Net Proceeds Offer shall be mailed, by first-class mail, by the Company to Holders of Securities at their last registered address not less than 15 days nor more than 30 days before the Net Proceeds Offer Payment Date. The notice shall contain all instructions and materials necessary to enable such Holders to tender Securities pursuant to the Net Proceeds Offer and shall state the following terms:

(1) that the Net Proceeds Offer is being made pursuant to this Section 4.16, that all Securities tendered will be accepted for payment; PROVIDED, HOWEVER, that if the aggregate principal amount of Securities tendered in a Net Proceeds Offer plus accrued interest at the expiration of such offer exceeds the aggregate amount of the Net Proceeds Offer, the Company shall purchase the Securities on a PRO RATA basis and that the Net Proceeds Offer shall remain open for a period of 20 Business Days or such longer period as may be required by law;

(2) the purchase price (including the amount of accrued interest) and the Net Proceeds Offer Payment Date (which shall be not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date;

(3) that any Security not tendered will continue to accrue interest;

(4) that, unless the Company defaults in making payment therefor, any Security accepted for payment pursuant to the Net Proceeds Offer shall cease to accrue interest after the Net Proceeds Offer Payment Date;

(5) that Holders electing to have a Security purchased pursuant to a Net Proceeds Offer will be required to surrender the Security, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security completed, to the Company at the address specified in the notice prior to the close of business on the Business Day prior to the Net Proceeds Offer Payment Date;

(6) that Holders will be entitled to withdraw their election if the Company receives, not later than the second Business Day prior to the Net Proceeds Offer Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Securities such Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Securities purchased; and

(7) that Holders whose Securities are purchased only in part will be issued new Securities in a principal amount equal to the unpurchased portion of the Securities surrendered.

If an offer is made to repurchase the Securities pursuant to a Net Proceeds Offer, the Company will and will cause its Restricted Subsidiaries to comply with all tender offer rules under state and federal securities laws, including, but not limited to, Section 14(e) under the Exchange Act and Rule 14e-1 thereunder, to the extent applicable to such offer. To the extent that the provisions of any securities laws or regulations conflict with this Section

4.16, the Company shall comply with the applicable securities laws and obligations and shall not be deemed to have breached its obligations hereunder by virtue thereof.

SECTION 4.17. LIMITATION OF GUARANTEES BY RESTRICTED SUBSIDIARIES.

Any Guarantee of the Securities by a Restricted Subsidiary shall provide by its terms that it shall be automatically and unconditionally released and discharged, without any further action required on the part of or any Holder, upon:

(1) the unconditional release of such Restricted Subsidiary from its liability in respect of any and all other Indebtedness; or

(2) any sale or other disposition (by merger or otherwise) to any Person which is not a Restricted Subsidiary of the Company, of all of the Company's Capital Stock in, or all or substantially all of the assets of, such Restricted Subsidiary; provided, however, that

(a) such sale or disposition of such Capital Stock or assets is otherwise in compliance with the terms of this Note Agreement and

(b) such assumption, guarantee or other liability of such Restricted Subsidiary has been released by the holders of the other Indebtedness so guaranteed.

SECTION 4.18. STAY, EXTENSION AND USURY LAWS.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Note Agreement; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holders, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE FIVE

SUCCESSOR CORPORATION

SECTION 5.01. MERGER, CONSOLIDATION AND SALE OF ASSETS.

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary of the Company to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries) whether as an entirety or substantially as an entirety to any Person unless:

(1) either (A) the Company or a Restricted Subsidiary of the Company shall be the surviving or continuing corporation or (B) the Person, if other than the Company or a Restricted Subsidiary of the Company, formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the Company's assets determined on a consolidated basis for the Company and its Restricted Subsidiaries (the "Surviving Entity") (x) shall be a corporation or limited liability company organized and validly existing under the laws of the United States or

any State thereof or the District of Columbia and (y) shall expressly assume the due and punctual payment of the principal of and premium, if any, and interest on all of the Securities and the performance of every covenant of the Securities or this Note Agreement on the part of the Company to be performed or observed;

(2) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (1)(B)(y)

above, including, without limitation, giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction, no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction the Consolidated Total Debt Ratio would not be greater than 3 to 1; and

(4) the Company or the Surviving Entity shall have delivered to the Holders an Officers' Certificate and an Opinion of Counsel stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition shall comply with the applicable provisions of this Note Agreement and that all conditions precedent in this Note Agreement relating to the execution of such transaction have been satisfied.

For purposes of the foregoing, the transfer, by lease, assignment, sale or otherwise, in a single transaction or series of transactions, of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, other than to a Wholly Owned Subsidiary that is a Guarantor, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the assets of the Company in accordance with the foregoing, in which the Company is not the continuing corporation, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Note Agreement and the Securities with the same effect as if such surviving entity had been named as such and the Company shall be relieved of all of its obligations and duties under this Note Agreement and the Securities.

Each Guarantor, other than any Guarantor whose Guarantee is to be released in accordance with the terms of the Guarantee and this Note Agreement, will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge with or into any Person other than the Company or any other Guarantor unless:

(1) the entity formed by or surviving any such consolidation or merger, if other than the Guarantor, or to which such sale, lease, conveyance or other disposition shall have been made is a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(2) such entity assumes all of the obligations of the Guarantor on the Guarantee; and

(3) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(4) immediately after giving effect to such transaction the Consolidated Total Debt Ratio would not be greater than 3 to 1.

Any merger or consolidation of a Guarantor with and into the Company, with the Company being the surviving entity, or another Guarantor that is a Wholly Owned Restricted Subsidiary of the Company need not comply with this Section 5.01.

SECTION 5.02. SUCCESSOR CORPORATION SUBSTITUTED.

Upon any such consolidation, merger, conveyance, lease or transfer of all or substantially all of the assets of the Company in accordance with Section 5.01, in which the Company is not the surviving Person, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under this Note Agreement and the Securities with the same effect as if such successor had been named as the Company therein. When a successor corporation assumes all of the Obligations of the Company hereunder and under the Securities and agrees to be bound hereby and thereby, the predecessor shall be released from such Obligations.

ARTICLE SIX

DEFAULT AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT.

An "Event of Default" means any of the following events:

(a) the failure to pay interest on any Securities when the same becomes due and payable and the default continues for a period of 15 days;

(b) the failure to pay the principal on any Securities, when such principal becomes due and payable, at maturity, upon redemption or otherwise, including the failure to make a payment to purchase Securities tendered pursuant to a Change of Control Offer or a Net Proceeds Offer;

(c) a default in the observance or performance of any other covenant or agreement contained in this Note Agreement, which default, in the case of any default which is susceptible of cure, continues for a period of 30 days after the Company receives written notice specifying the default, and demanding that such default be remedied, from the Holders of at least 25% in outstanding principal amount of the Securities;

(d) the failure to pay at final maturity, giving effect to any extensions thereof, the principal amount of any Indebtedness of the Company or any Restricted Subsidiary of the Company, other than intercompany Indebtedness, and such failure continues for a period of 20 days or more, or the acceleration of the final stated maturity of any such Indebtedness, which acceleration is not rescinded, annulled or otherwise cured within 10 days of receipt by the Company or such Restricted Subsidiary of notice of any such acceleration, if, in either case, the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final maturity or which has been accelerated, in each case with respect to which the time periods described above have passed, aggregates $5 million or more at any time;

(e) one or more judgments in an aggregate amount in excess of $1 million shall have been rendered against the Company or any of its Restricted Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days;

(f) the Company or any of its Restricted Subsidiaries (i) admits in writing its inability to pay its debts generally as they become due, (ii) commences a voluntary case or proceeding under any Bankruptcy Law with respect to itself, (iii) consents to the entry of a judgment, decree or order for relief against it in an involuntary case or proceeding under any Bankruptcy Law, (iv) consents to the appointment of a Custodian of it or for substantially all of its property, (v) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it, (vi) makes a general assignment for the benefit of its creditors or (vii) takes any partnership or corporate action, as the case may be, to authorize or effect any of the foregoing;

(g) a court of competent jurisdiction enters a judgment, decree or order for relief in respect of the Company or any of its Restricted Subsidiaries in an involuntary case or proceeding under any Bankruptcy Law, which shall (i) approve as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Company or any of its Significant Subsidiaries, (ii) appoint a custodian of the Company or any of its Significant Subsidiaries or for substantially all of any of their property or (iii) order the winding-up or liquidation of its affairs; and such judgment, decree or order shall remain unstayed and in effect for a period of 60 consecutive days;

(h) substantially simultaneously with or within 30 days following the consummation of the Casual Male Acquisition and the Transactions to be consummated concurrently therewith, the Company fails to issue Additional Capital Stock for net cash proceeds of at least $50 million;

(i) any Subsidiary Guarantee of any Restricted Subsidiary of the Company shall for any reason cease to be, or shall be asserted in writing by any responsible officer of such Restricted Subsidiary of the Company or the Company not to be, in full force and effect (except as may be otherwise contemplated by this Note Agreement) or enforceable in accordance with its terms;

(j) the failure to deposit cash with Casual Male or otherwise substantially in accordance with the Bidding Procedures Order on or about the Bid Date in substantially the amount and at substantially the time required pursuant to the terms of the Bidding Procedures Order, and the default continues for a period of 5 days; or

(k) the representations and warranties of the Company set forth pursuant to Section 11.09 shall not have been true and correct on and as of May 14, 2002 (except those representations and warranties which specify a specific date) except for any inaccuracies or breaches of such representations and warranties which, either individually or in the aggregate, have not caused and are not reasonably likely to cause a Material Adverse Effect (as defined in Annex A hereto).

SECTION 6.02. ACCELERATION.

If an Event of Default (other than an Event of Default specified in Section 6.01(f) or (g)) shall occur and be continuing, the Holders of at least 25% in principal amount of outstanding Securities may declare the principal of and accrued and unpaid interest on all the Securities to be due and payable by notice in writing to the Company specifying the respective Event of Default and that it is a "notice of acceleration", and the same shall become immediately due and payable. If an Event of Default specified in Section 6.01(f) or (g) occurs and is continuing, then all unpaid principal of and premium, if any, and

accrued and unpaid interest on all of the outstanding Securities shall IPSO FACTO become and be immediately due and payable without any declaration or other act on the part of any Holder.

At any time after a declaration of acceleration with respect to the Securities as described in the preceding paragraph, the Holders of at least 75% in principal amount of the Securities may rescind and cancel such declaration and its consequences (i) if the rescission would not conflict with any judgment or decree, (ii) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration, (iii) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid, and (iv) in the event of the cure or waiver of an Event of Default of the type described in clause (f) or (g) of Section 6.01, the Holder shall have received an Officers' Certificate that such Event of Default has been cured or waived. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03. Other Remedies.

If an Event of Default occurs and is continuing, the Holders of not less than 25% in principal amount of the outstanding Securities may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Securities or to enforce the performance of any provision of the Securities, this Note Agreement or the Guarantees. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

SECTION 6.04. WAIVER OF PAST DEFAULTS.

The Holders of not less than 75% in principal amount of the outstanding Securities by written notice to the Company may waive an existing Default or Event of Default and its consequences, except a Default in the payment of principal of or interest on any Security as specified in clauses (a) and (b) of Section 6.01. When a Default or Event of Default is waived, it is cured and ceases.

SECTION 6.05. CONTROL.

The Holders of not less than 75% in principal amount of the outstanding Securities may direct the time, method and place of conducting any proceeding for any remedy available to the Holders or exercising any trust or power conferred on it.

SECTION 6.06. RIGHTS OF HOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Note Agreement, the right of any Holder to receive payment of principal of and interest on a Security, on or after the respective due dates expressed in such Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the written consent of the Holder.

ARTICLE SEVEN

AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 7.01. WITHOUT CONSENT OF HOLDERS.

The Company may amend or supplement this Note Agreement or the Securities without notice to or consent of any Securityholder:

(1) to evidence the succession in accordance with Article Five hereof of another Person to the Company and the assumption by any such successor of the covenants of the Company herein, and in the Securities; or

(2) to make any change that would provide any additional benefit or rights to the Securityholders or that does not adversely affect the rights of any Securityholder in any material respect;

PROVIDED that the Company has delivered to the Holders an Officers' Certificate, stating that such amendment or supplement complies with the provisions of this Section 7.01. After an amendment under this Section 7.01 becomes effective, the Company shall mail to Holders a notice briefly describing such amendment.

SECTION 7.02. WITH CONSENT OF HOLDERS.

The Company, with the written consent of the Holder or Holders of at least 75% in aggregate principal amount unless a greater principal amount is specified herein of the outstanding Securities, may amend or supplement this Note Agreement, the Securities, without notice to any other Securityholders. The Holder or Holders of at least 75% in aggregate principal amount unless a greater principal amount is specified herein of the outstanding Securities may waive compliance by the Company with any provision of this Note Agreement or the Securities without notice to any other Securityholder. Without the consent of each Securityholder affected, however, no amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may:

(1) reduce the amount of Securities whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any Securities;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Securities, or change the date on which any Securities may be subject to redemption or repurchase, or reduce the redemption or repurchase price therefor;

(4) make any Securities payable in money other than that stated in the Securities;

(5) make any change in provisions of this Note Agreement protecting the right of each Holder to receive payment of principal of and interest on such Security on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of at least 75% in principal amount of the Securities to waive Defaults or Events of Default (other than Defaults or Events of Default with respect to the payment of principal of or interest on the Securities); or

(6) modify or change any provision of this Note Agreement or the related definitions that adversely affects the ranking of the Securities or the Guarantees.

In addition, following the occurrence of a Change of Control, as the case may be, without the consent of Holders of at least 75% of the outstanding aggregate principal amount of Securities, an amendment, supplement or waiver may not make any change to the Company's obligations to make and consummate the required Change of Control Offer or modify any of the provisions or definitions with respect thereto.

It shall not be necessary for the consent of the Holders under this Section 7.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 7.02 becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement, waiver or supplemental indenture.

SECTION 7.03. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, waiver or supplement becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to his Security or portion of his Security by notice to the Company received before the Holders of the requisite principal amount of Securities have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

SECTION 7.04. NOTATION ON OR EXCHANGE OF SECURITIES.

If an amendment, supplement or waiver changes the terms of a Security, the Company may require the Holder of the Security to deliver it to the Company. The Company may place an appropriate notation on the Security about the changed terms and return it to the Holder. Alternatively, if the Company so determines, the Company in exchange for the Security shall issue a new Security that reflects the changed terms. Failure to make the appropriate notation or issue a new Security shall not affect the validity and effect of such amendment, supplement or waiver.

ARTICLE EIGHT

SUBORDINATION OF SECURITIES

SECTION 8.01. SECURITIES SUBORDINATED TO SENIOR DEBT.

The Company covenants and agrees, and each Holder of the Securities by acceptance thereof likewise covenants and agrees, that all Securities shall be issued subject to the provisions of this Article Eight; and each person holding any Security, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees that all payments of the principal of, or premium, if any, and interest on the Securities by the Company shall, to the extent and in the manner set forth in this Article Eight, be subordinated and junior in right of payment to the prior payment in full in cash of all amounts payable under Senior Debt, whether outstanding on the Issue Date or thereafter incurred.

SECTION 8.02. NO PAYMENT ON SECURITIES IN CERTAIN CIRCUMSTANCES.

(a) No direct or indirect payment by or on behalf of the Company of principal of, or premium, if any, and interest on the Securities, whether pursuant to the terms of the Securities, upon acceleration, pursuant to a Change of Control Offer or Net Proceeds Offer or otherwise, shall be made to the Holders of Securities if (i) a default in the payment of the principal of, or premium, if any, and interest on Designated Senior Debt occurs and is continuing beyond any applicable period of grace or (ii) any other default occurs and is continuing with respect to Designated Senior Debt that permits holders of the Designated Senior Debt as to which such default relates to accelerate its maturity and the Holder receives a written notice of such other default (a "PAYMENT BLOCKAGE NOTICE") from the Company or the holders of any Designated Senior Debt (with a copy to the Company) until all Obligations with respect to such Designated Senior Debt are paid in full; payments on the Securities shall be resumed (x) in the case of a payment default, upon the date on which such default is cured or waived and (y) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received by the Holder (such period being referred to herein as the "PAYMENT BLOCKAGE PERIOD"), unless the maturity of any Designated Senior Debt

has been accelerated (and written notice of such acceleration has been received by the Company).

Notwithstanding anything herein or in the Securities to the contrary, (x) in no event shall a Payment Blockage Period extend beyond 179 days from the date the Payment Blockage Notice in respect thereof was given and (y) not more than one Payment Blockage Period may be commenced with respect to the Securities during any period of 360 consecutive days. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice shall be, or be made, the basis for a subsequent Payment Blockage Notice (it being understood that any subsequent action, or any breach of any covenant for a period commencing after the date of receipt of such Payment Blockage Notice, that, in either case, would give rise to such a default pursuant to any provisions under which a default previously existed or was continuing shall constitute a new default for this purpose).

(b) In the event that, notwithstanding the foregoing, any payment shall be received by any Holder when such payment is prohibited by Section 8.02(a), such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Designated Senior Debt or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Designated Senior Debt may have been issued, as their respective interests may appear, but only to the extent that, upon notice to the holders of Designated Senior Debt that such prohibited payment has been made, the holders of the Designated Senior Debt (or their representative or representatives or a trustee) notify the Company and the Holders in writing of the amounts then due and owing on the Designated

Senior Debt, if any, and only the amounts specified in such notice shall be paid to the holders of Designated Senior Debt.

(c) Nothing herein shall prohibit the Company from making scheduled payments of interest on the Securities at the times and in the amounts originally provided for herein so long as no default or event of default on Designated Senior Debt has occurred and is continuing.

SECTION 8.03. PAYMENT OVER OF PROCEEDS UPON DISSOLUTION, ETC.

(a) Upon any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, property or securities, upon any dissolution or winding-up or liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other similar proceedings, an assignment for the benefit of creditors or any marshaling of the Company's assets, the holders of Senior Debt shall be entitled to receive payment in full in cash of all Obligations due in respect of such Senior Debt (including interest after the commencement of any proceeding at the rate specified in the applicable Senior Debt) before the Holders of the Securities shall be entitled to receive any payment by the Company of the principal of, or premium, if any, and interest on the Securities, or any payment by the Company to acquire any of the Securities for cash, property or securities, or any distribution with respect to the Securities of any cash, property or securities (except that the Holders may receive and retain Permitted Junior Securities). Before any payment (other than Permitted Junior Securities) may be made by, or on behalf of, the Company of the principal of, or premium, if any, and interest on the Securities upon any such dissolution or winding-up or liquidation or reorganization, any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, property or securities, to which the Holders of the Securities would be entitled, but for the subordination provisions of this Note Agreement, shall be made by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, directly to the holders of the Senior Debt (to such holders as their interests may appear, on the basis of the respective amounts of Senior Debt held by such holders) or their representatives or agent or agents under any agreement or indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear, to the extent necessary to pay all such Senior Debt in full in cash after giving effect to any prior or concurrent payment, distribution or provision therefor to or for the holders of such Senior Debt.

(b) In the event that, notwithstanding the foregoing provision prohibiting such payment or distribution, any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, property or securities, shall be received by any Holder of Securities at a time when such payment or distribution is prohibited by Section 8.03(a) and before all obligations in respect of Senior Debt are paid in full in cash, or payment provided for, such payment or distribution shall be received and held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Debt (to such holders as their interests may appear, on the basis of the respective amounts of Senior Debt held by such holders) or their respective

representatives, or to the trustee or trustees or agent or agents under any indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of Senior Debt remaining unpaid until all such Senior Debt has been paid in full in cash after giving effect to any prior or concurrent payment, distribution or provision therefor to or for the holders of such Senior Debt.

The consolidation of the Company with, or the merger of the Company with or into, another corporation or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided in Article Five shall not be deemed a dissolution, winding-up, liquidation or

reorganization for the purposes of this Section 8.03 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article Five.

SECTION 8.04. SUBROGATION.

Upon the payment in full in cash of all Senior Debt, or provision for payment, the Holders of the Securities shall be subrogated (equally and ratably with the holders of all Indebtedness of the Company which by its terms is not superior in right of payment to the Securities and which ranks on a parity with the Securities) to the rights of the holders of Senior Debt to receive payments or distributions of cash, property or securities of the Company made on such Senior Debt until the principal of, or premium, if any, and interest on the Securities shall be paid in full in cash; and, for the purposes of such subrogation, no payments or distributions to the holders of the Senior Debt of any cash, property or securities to which the Holders of the Securities would be entitled except for the provisions of this Article Eight, and no payment over pursuant to the provisions of this Article Eight to the holders of Senior Debt by Holders of the Securities shall, as between the Company, its creditors other than holders of Senior Debt, and the Holders of the Securities, be deemed to be a payment by the Company to or on account of the Senior Debt. It is understood that the provisions of this Article Eight are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of the Senior Debt, on the other hand.

If any payment or distribution to which the Holders of the Securities would otherwise have been entitled but for the provisions of this Article Eight shall have been applied, pursuant to the provisions of this Article Eight, to the payment of all amounts payable under Senior Debt, then and in such case, the Holders of the Securities shall be entitled to receive from the holders of such Senior Debt any payments or distributions received by such holders of Senior Debt in excess of the amount required to make payment in full, or provision for payment, of such Senior Debt.

SECTION 8.05. OBLIGATIONS OF COMPANY UNCONDITIONAL.

Nothing contained in this Article Eight or elsewhere in this Note Agreement or in the Securities is intended to or shall impair, as between the Company and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of, or premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of the Company other than the holders of the Senior Debt, nor shall anything herein or therein prevent the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Note Agreement, subject to the rights, if any, under this Article Eight of the holders of the Senior Debt in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Without limiting the generality of the foregoing, nothing contained in this Article Eight shall restrict the right of the Holders of Securities to take any action to declare the Securities to be due and payable prior to their stated maturity pursuant to Article Six or to pursue any rights or remedies hereunder; PROVIDED, HOWEVER, that all Senior Debt then due and payable shall first be paid in full before the Holders of the Securities are entitled to receive any direct or indirect payment from the Company of principal of, or premium, if any, and interest on the Securities.

SECTION 8.06. RELIANCE ON JUDICIAL ORDER OR CERTIFICATE OF LIQUIDATING

AGENT.

Upon any payment or distribution of assets or securities referred to in this Article Eight, the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which bankruptcy, dissolution, winding-up, liquidation or reorganization proceedings are pending, or upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to the Holders of the Securities for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Debt and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Eight.

SECTION 8.07. SUBORDINATION RIGHTS NOT IMPAIRED BY ACTS OR OMISSIONS OF THE COMPANY OR HOLDERS OF SENIOR DEBT.

No right of any present or future holders of any Senior Debt to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company or the holders of the Senior Debt with the terms of this Note Agreement, regardless of any knowledge thereof which any such holder may have or otherwise be charged with. The provisions of this Article Eight are intended to be for the benefit of, and shall be enforceable directly by, the holders of Senior Debt.

SECTION 8.08. THIS ARTICLE NOT TO PREVENT EVENTS OF DEFAULT.

The failure to make a payment on account of principal of, or premium, if any, and interest on the Securities by reason of any provision of this Article Eight shall not be construed as preventing the occurrence of an Event of Default specified in clause (a) or (b) of Section 6.01.

SECTION 8.09. NO WAIVER OF SUBORDINATION PROVISIONS.

Without in any way limiting the generality of Section 8.07, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article Eight or the obligations hereunder of the Holders of the Securities to the holders of Senior Debt, do any one or more of the following: (a) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt or any instrument evidencing the same or any agreement under which Senior Debt is outstanding or secured; (b) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (c) release any Person liable in any manner for the collection of Senior Debt; and (d) exercise or refrain from exercising any rights against the Company and any other Person.

SECTION 8.10. ACCELERATION OF SECURITIES.

If payment of the Securities is accelerated because of an Event of Default, the Company shall promptly notify holders of the Senior Debt of the acceleration.

ARTICLE NINE

GUARANTEE OF SECURITIES

SECTION 9.01. UNCONDITIONAL GUARANTEE.

Each of the Guarantors hereby, jointly and severally, absolutely, irrevocably and unconditionally guarantees, on a senior subordinated basis as hereinafter set forth (such guarantee to be referred to herein as a "GUARANTEE") to each Holder of a Security that: (a) the principal of, premium, if any, and interest on the Securities shall be promptly paid in full when due (subject to any applicable grace periods) whether at maturity, upon redemption at the option of Holders pursuant to the provisions of the Securities relating thereto, by acceleration or otherwise, and interest on the overdue principal and (to the extent permitted by law) interest, if any, on the Securities and all other Obligations of the Company to the Holders hereunder or thereunder and all other Obligations shall be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Securities or any of such other Obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, subject to any applicable grace period, whether at maturity, by acceleration or otherwise. Failing payment when due of

any amount so guaranteed, or failing performance of any other obligation of the Company to the Holders under this Note Agreement or under the Securities, for whatever reason, each Guarantor shall be obligated to pay, or to perform or cause the performance of, the same immediately. An Event of Default under this Note Agreement or the Securities shall constitute an event of default under this Guarantee, and shall entitle the Holders of Securities to accelerate the Obligations of the Guarantors hereunder in the same manner and to the same extent as the Obligations of the Company.

Each of the Guarantors hereby agrees that its Obligations hereunder shall be absolute, irrevocable and unconditional, irrespective of the validity, regularity or enforceability of the Securities or this Note Agreement, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions hereof or thereof, any release of any other Guarantor, the recovery of any judgment against the Company, any action to enforce the same, whether or not a Guarantee is affixed to any particular Security, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each of the Guarantors hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that its Guarantee shall not be discharged except by complete performance of the Obligations contained in the Securities, this Note Agreement and this Guarantee. This Guarantee is a guarantee of payment and not of collection. If any Holder is required by any court or otherwise to return to the Company or to any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Company or such Guarantor, any amount paid by the Company or such Guarantor to such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor further agrees that, as between it, on the one hand, and the Holders of Securities on the other hand, (a) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article Six for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (b) in the event of any acceleration of such Obligations as provided in Article Six hereof, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Guarantee.

No stockholder, officer, director, employee or incorporator, past, present or future, or any Guarantor, as such, shall have any personal liability under this Guarantee by reason of his, her or its status as such stockholder, officer, director, employee or incorporator.

Each Guarantor that makes a payment or distribution under its Guarantee shall be entitled to a contribution from each other Guarantor in an amount PRO RATA, based on the net assets of each Guarantor, determined in accordance with GAAP.

SECTION 9.02. LIMITATIONS ON GUARANTEES.

The Obligations of each Guarantor under its Guarantee are limited to the maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the Obligations of such other Guarantor under its Guarantee or pursuant to its contribution Obligations under this Note Agreement, will result in the Obligations of such Guarantor under the Guarantee not constituting a fraudulent conveyance or fraudulent transfer under any laws of the United States, any state or territory of the United States or the District of Columbia.

SECTION 9.03. EXECUTION AND DELIVERY OF GUARANTEE.

To evidence the Guarantee set forth in Section 9.01, each Guarantor hereby agrees that a notation of such Guarantee, substantially in the form of EXHIBIT B hereto, shall be endorsed on each Security. Such Guarantee shall be executed on behalf of each Guarantor by either manual or facsimile signature of two Officers of each Guarantor, who, in each case, shall have been duly authorized to so execute by all requisite corporate action. The validity and enforceability of any Guarantee shall not be affected by the fact that it is not affixed to any particular Security.

Each of the Guarantors hereby agrees that its Guarantee set forth in Section 11.01 shall remain in full force and effect (unless released in accordance with Section 11.04) notwithstanding any failure to endorse on each Security a notation of such Guarantee.

SECTION 9.04. RELEASE OF A GUARANTOR.

(a) Upon the sale or disposition of all of the Capital Stock of a Guarantor by the Company, or upon the consolidation or merger of a Guarantor with or into any Person in compliance with Article Five (in each case, other than to the Company or an Affiliate of the Company), or if any Guarantor is dissolved or liquidated in accordance with this Note Agreement, such Guarantor's Guarantee shall be released, and such Guarantor and each Subsidiary of such Guarantor that is also a Guarantor shall be deemed released from all Obligations under this Note Agreement and the Securities without any further action required on the part of the Company or any Holder. Any Guarantor not so released or the entity surviving such Guarantor, as applicable, shall remain or be liable under its Guarantee as provided in this Article Nine. In addition, a Guarantor's Guarantee will also be released and such Guarantor will also be released from all Obligations under this Note Agreement and the Securities if such Guarantor is released from any and all guarantees of other Indebtedness of the Company.

(b) The Holders shall deliver an appropriate instrument evidencing the release of a Guarantor upon receipt of a request by the Company or such Guarantor accompanied by an Officers' Certificate certifying as to compliance with this Section 9.04.

The Holders shall execute any documents reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its Obligations under its Guarantee endorsed on the Securities and under this Article Nine.

Except as set forth in Articles Four and Five and this Section 9.04, nothing contained in this Note Agreement or in any of the Securities shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

SECTION 9.05. WAIVER OF SUBROGATION.

Until all of the Securities are discharged and paid in full, each Guarantor hereby irrevocably waives and agrees not to exercise any claim or other rights which it may now or hereafter acquire against the Company that arise from the existence, payment, performance or enforcement of the Company's Obligations under the Securities or this Note Agreement and such Guarantor's Obligations under this Guarantee and this Note Agreement, in any such instance including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, and any right to participate in any claim or remedy of the Holders against the Company, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including, without limitation, the right to take or receive from the Issuer, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to any Guarantor in violation of the preceding sentence and any amounts owing to the Holders of Securities under the Securities, this Note Agreement, or any other document or instrument delivered under or in connection with such agreements or instruments, shall not have been paid in full, such amount shall have been deemed to have been paid to such Guarantor for the benefit of, and held in trust for the benefit of the Holders and shall forthwith be paid to such Holders to be credited and applied to the Obligations in favor of the Holders, whether matured or unmarred, in accordance with the terms of this Note Agreement. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Note Agreement and that the waiver set forth in this Section 9.05 is knowingly made in contemplation of such benefits.

SECTION 9.06. OBLIGATIONS CONTINUING.

Subject to Section 9.04, the Obligations of each Guarantor hereunder shall be continuing and shall remain in full force and effect until all the Obligations have been paid and satisfied in full.

SECTION 9.07. OBLIGATIONS REINSTATED.

Subject to Section 9.04, the Obligations of each Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the Obligations of any Guarantor hereunder (whether such payment shall have been made by or on behalf of the Company or by or on behalf of a Guarantor) is rescinded or reclaimed from any of the Holders upon the insolvency, bankruptcy, liquidation or reorganization of the Company or any Guarantor or otherwise, all as though such payment had not been made. If demand for, or acceleration of the time for, payment by the Company is stayed upon the insolvency, bankruptcy, liquidation or reorganization of the Company, all such Indebtedness otherwise

subject to demand for payment or acceleration shall nonetheless be payable by each Guarantor as provided herein.

SECTION 9.08. WAIVER.

Without in any way limiting the provisions of Section 9.01, each Guarantor hereby waives notice or proof of reliance by the Holders upon the Obligations of any Guarantor hereunder, and diligence, presentment, demand for payment on the Company, protest or notice of dishonor of any of the Obligations.

SECTION 9.09. NO OBLIGATION TO TAKE ACTION AGAINST THE COMPANY.

Neither the Holders nor any other Person shall have any obligation to enforce or exhaust any rights or remedies or to take any other steps under any security for the Obligations or against the Company or any other Person or any property of the Company or any other Person before the Holders are entitled to demand payment and performance by any or all Guarantors of their liabilities and Obligations under their Guarantees or under this Note Agreement.

SECTION 9.10. AMENDMENT, ETC.

No amendment, modification or waiver of any provision of this Note Agreement relating to any Guarantor or consent to any departure by any Guarantor or any other Person from any such provision will in any event be effective unless it is signed by such Guarantor, other than a release pursuant to Section 9.04.

SECTION 9.11. NO WAIVER; CUMULATIVE REMEDIES.

No failure to exercise and no delay in exercising, on the part of the Holders, any right, remedy, power or privilege hereunder or under this Note Agreement or the Securities, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under this Note Agreement or the Securities preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges in the Guarantee and under this Note Agreement, the Securities and any other document or instrument between a Guarantor and/or the Company and the Holders are cumulative and not exclusive of any rights, remedies, powers and privilege provided by law.

SECTION 9.12. SUCCESSORS AND ASSIGNS.

Each Guarantee shall be binding upon and inure to the benefit of each Guarantor and the Holders and their respective successors and permitted assigns, except that no Guarantor may assign any of its Obligations hereunder or thereunder.

SECTION 9.13. CONTRIBUTION.

In order to provide for just and equitable contribution among the Guarantors, the Guarantors agree, INTER SE, that in the event any payment or distribution is made by any Guarantor (a "FUNDING GUARANTOR") under its Guarantee, such Funding Guarantor shall be entitled to contribution from all other Guarantors in a PRO RATA amount based on the net assets (determined in accordance with GAAP) of each Guarantor (including the Funding Guarantor) for all payments, damages and expenses incurred by that Funding Guarantor in discharging the Company's Obligations with respect to the Securities or any other Guarantor's Obligations with respect to its Guarantee.

SECTION 9.14. FUTURE GUARANTORS.

The Company shall cause (i) each of the Subsidiaries of the Company (if any) which may on the Acquisition Closing Date result from the Transactions (other than any Subsidiary which is or becomes a party to, or assumes liabilities related to, the Assumed Mortgage (as defined in the Asset Purchase Agreement), or which is or becomes an assignee of the Assumed Mortgage or the Owned Real Property (as defined in the Asset Purchase Agreement)) on the Acquisition Closing Date and (ii) each of the Company's Restricted Subsidiaries to the extent required by the provisions of this Note Agreement, in each case, to execute and deliver, within a reasonable time thereafter, a supplemental Note Agreement or other agreement of guaranty and thereby become a Guarantor bound by the Guarantee of the Securities in the form set forth in Article Nine hereof (without such Guarantor being required to execute and deliver its Guarantee endorsed on the securities); PROVIDED that no Subsidiary organized outside the United States of America and no Unrestricted Subsidiary shall be required to

become a Guarantor.

ARTICLE TEN

SUBORDINATION OF GUARANTEE

SECTION 10.01. GUARANTEE OBLIGATIONS SUBORDINATED TO GUARANTOR SENIOR DEBT.

Each Guarantor covenants and agrees, each Holder of the Securities by acceptance thereof likewise covenants and agrees, that all Guarantees shall be issued subject to the provisions of this Article Ten; and each person holding any Guarantee, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees that all payments of the principal of, or premium, if any, and interest on the Securities pursuant to the Guarantee made by or on behalf of such Guarantor shall, to the extent and in the manner set forth in this Article Ten, be subordinated and junior in right of payment to the prior payment in full in cash of all amounts payable under Guarantor Senior Debt of such Guarantor.

SECTION 10.02. NO PAYMENT ON GUARANTEE IN CERTAIN CIRCUMSTANCES.

(a) No direct or indirect payment by or on behalf of any Guarantor of principal of or interest on the Securities, whether pursuant to the terms of the Securities or the Guarantees, upon acceleration, pursuant to a Change of Control Offer or Net Proceeds Offer or otherwise, shall be made to the Holders of Securities if (i) a default in the payment of the principal of, or premium, if any, and interest on Designated Guarantor Senior Debt occurs and is continuing beyond any applicable period of grace or (ii) any other default occurs and is continuing with respect to Designated Guarantor Senior Debt that permits holders of the Designated Guarantor Senior Debt as to which such default relates to accelerate its maturity and the Holder receives a written notice of such other default (a "GUARANTOR PAYMENT BLOCKAGE NOTICE") from the Company or a Guarantor or the holders of any Designated Guarantor Senior Debt (with a copy to the Company) until all Obligations with respect to such Designated Guarantor Senior Debt are paid in full; payments on the Securities shall be resumed (x) in the case of a payment default, upon the date on which such default is cured or waived and (y) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Guarantor Payment Blockage Notice is received by the Holder (such period being referred to herein as the "GUARANTOR PAYMENT BLOCKAGE PERIOD"), unless the maturity of any Designated Guarantor Senior Debt has been accelerated (and written notice of such acceleration has been received by the Company).

Notwithstanding anything herein or in the Securities to the contrary, (x) in no event shall a Guarantor Payment Blockage Period extend beyond 179 days from the date the Guarantor Payment Blockage Notice in respect thereof was given and (y) not more than one Guarantor Payment Blockage Period may be commenced with respect to the Securities during any period of 360 consecutive days. No nonpayment default that existed or was continuing on the date of delivery of any Guarantor Payment Blockage Notice shall be, or be made, the basis for a subsequent Guarantor Payment Blockage Notice (it being understood that any subsequent action, or any breach of any covenant for a period commencing after the date of receipt of such Guarantor Payment Blockage Notice, that, in either case, would give rise to such a default pursuant to any provisions under which a default previously existed or was continuing shall constitute a new default for this purpose).

(b) In the event that, notwithstanding the foregoing, any payment shall be received by any Holder when such payment is prohibited by Section 10.02(a), such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of such Designated Guarantor Senior Debt or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Designated Guarantor Senior Debt may have been issued, as their respective interests may appear, but only to the extent that, upon notice to the holders of such Designated Guarantor Senior Debt that such prohibited payment has been made, the holders of such Designated Guarantor Senior Debt (or their representative or representatives or a trustee) notify the Company and the Holders in writing of the amounts then due and owing on such Designated Guarantor Senior Debt, if any, and only the amounts specified in such notice shall be paid to the holders of such Designated Guarantor Senior Debt.

SECTION 10.03. PAYMENT OVER OF PROCEEDS UPON DISSOLUTION, ETC.

(a) Upon any payment or distribution of assets or securities of any Guarantor of any kind or character, whether in cash, property or securities, upon any dissolution or winding-up or liquidation or reorganization of such Guarantor, whether voluntary or involuntary or in bankruptcy,

insolvency, receivership or other similar proceedings, the holders of Guarantor Senior Debt of such Guarantor shall be entitled to receive payment in full in cash of all Obligations due in respect of such Guarantor Senior Debt before the Holders of the Securities shall be entitled to receive any payment by such Guarantor of the principal of, or premium, if any, and interest or on the Securities pursuant to its Guarantee, or any payment to acquire any of the Securities for cash, property or securities, or any distribution with respect to the Securities of any cash, property or securities (except that Holders may receive and retain Permitted Junior Securities). Before any payment (other than Permitted Junior Securities) may be made by, or on behalf of, any Guarantor of the principal of, or premium, if any, and interest on the Securities upon any such dissolution or winding-up or liquidation or reorganization, any payment or distribution of assets or securities of such Guarantor of any kind or character, whether in cash, property or securities, to which the Holders of the Securities would be entitled, but for the subordination provisions of this Note Agreement, shall be made by such Guarantor or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, directly to the holders of the Guarantor Senior Debt of such Guarantor (to such holders as their interests may appear, on the basis of the respective amounts of such Guarantor Senior Debt held by such holders) or their representatives or agent or agents under any agreement or indenture pursuant to which any such Guarantor Senior Debt may have been issued, as their respective interests may appear, to the extent necessary to pay all such Guarantor Senior Debt in full in cash after giving effect to any prior or concurrent payment, distribution or provision therefor to or for the holders of such Guarantor Senior Debt.

(b) In the event that, notwithstanding the foregoing provision prohibiting such payment or distribution, any payment or distribution of assets or securities of a Guarantor of any kind or character, whether in cash, property or securities, shall be received by any Holder of Securities at a time when such payment or distribution is prohibited by Section 10.03(a) and before all Obligations in respect of the

Guarantor Senior Debt of such Guarantor are paid in full in cash, or payment provided for, such payment or distribution shall be received and held in trust for the benefit of, and shall be paid over or delivered to, the holders of such Guarantor Senior Debt (to such holders as their interests may appear, on the basis of the respective amounts of Guarantor Senior Debt held by such holders) or their respective representatives, or to the trustee or trustees or agent or agents under any indenture pursuant to which any of such Guarantor Senior Debt may have been issued, as their respective interests may appear, for application to the payment of the Guarantor Senior Debt remaining unpaid until all Guarantor Senior Debt has been paid in full in cash after giving effect to any prior or concurrent payment, distribution or provision therefor to or for the holders of any Guarantor Senior Debt; provided that the trustee shall be entitled to receive from the holders of Guarantor Senior Debt written notice of the amounts owing on the Guarantor Senior Debt.

The consolidation of a Guarantor with, or the merger of a Guarantor with or into, another corporation or the liquidation or dissolution of a Guarantor following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided in Article Five shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 10.03 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article Five.

SECTION 10.04. SUBROGATION.

Upon the payment in full in cash of all Guarantor Senior Debt of a Guarantor, or provision for payment, the Holders of the Securities shall be subrogated to the rights of the holders of Guarantor Senior Debt to receive payments or distributions of cash, property or securities of such Guarantor made on Guarantor Senior Debt of such Guarantor until the principal of, or premium, if any, and interest on the Securities shall be paid in full in cash; and, for the purposes of such subrogation, no payments or distributions to the holders of Guarantor Senior Debt of any cash, property or securities to which the Holders of the Securities would be entitled except for the provisions of this Article Ten, and no payment over pursuant to the provisions of this Article Ten to the holders of the Guarantor Senior Debt by Holders of the Securities shall, as between such Guarantor, its creditors other than holders of such Guarantor Senior Debt of such Guarantor, and the Holders of the Securities, be deemed to be a payment by such Guarantor to or on account of the Guarantor Senior Debt of such Guarantor. It is understood that the provisions of this Article Twelve are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of Guarantor Senior Debt, on the other hand.

If any payment or distribution to which the Holders of the

Securities would otherwise have been entitled but for the provisions of this Article Ten shall have been applied, pursuant to the provisions of this Article Ten, to the payment of all amounts payable under Guarantor Senior Debt, then and in such case, the Holders of the Securities shall be entitled to receive from the holders of such Guarantor Senior Debt any payments or distributions received by such holders of Guarantor Senior Debt in excess of the amount required to make payment in full, or provision for payment, of such Guarantor Senior Debt.

SECTION 10.05. OBLIGATIONS OF GUARANTOR UNCONDITIONAL.

Nothing contained in this Article Ten or elsewhere in this Note Agreement or in the Securities or the Guarantees is intended to or shall impair, as between any Guarantor and the Holders of the Securities, the obligation of such Guarantor, which is absolute and unconditional, to pay to the Holders of the Securities the principal of, or premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with the terms of its Guarantee, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of the Guarantors other than

the holders of Guarantor Senior Debt, nor shall anything herein or therein prevent the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Note Agreement, subject to the rights, if any, under this Article Ten of the holders of Guarantor Senior Debt in respect of cash, property or securities of the Guarantors received upon the exercise of any such remedy.

Without limiting the generality of the foregoing, nothing contained in this Article Ten shall restrict the right of the Holders of Securities to take any action to declare the Securities to be due and payable prior to their stated maturity pursuant to Section 6.01 or to pursue any rights or remedies hereunder; PROVIDED, HOWEVER, that all Guarantor Senior Debt of any Guarantor then due and payable shall first be paid in full before the Holders of the Securities are entitled to receive any direct or indirect payment from such Guarantor of principal of, or premium, if any, and interest on the Securities pursuant to such Guarantor's Guarantee.

SECTION 10.06. RELIANCE ON JUDICIAL ORDER OR CERTIFICATE OF LIQUIDATING AGENT.

Upon any payment or distribution of assets or securities of any Guarantor referred to in this Article Ten, the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which bankruptcy, dissolution, winding-up, liquidation or reorganization proceedings are pending, or upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to the Holders of the Securities for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of Guarantor Senior Debt and other Indebtedness of such Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Ten.

SECTION 10.07. SUBORDINATION RIGHTS NOT IMPAIRED BY ACTS OR OMISSIONS OF THE GUARANTORS OR HOLDERS OF GUARANTOR SENIOR DEBT.

No right of any present or future holders of any Guarantor Senior Debt to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Guarantor or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by any Guarantor with the terms of this Note Agreement, regardless of any knowledge thereof which any such holder may have or otherwise be charged with. The provisions of this Article Ten are intended to be for the benefit of, and shall be enforceable directly by, the holders of Guarantor Senior Debt.

SECTION 10.08. THIS ARTICLE NOT TO PREVENT EVENTS OF DEFAULT.

The failure to make a payment on account of principal of, or premium, if any, and interest on the Securities by reason of any provision of this Article Ten shall not be construed as preventing the occurrence of an Event of Default specified in clauses (a) or (b) of Section 6.01.

SECTION 10.09. NO WAIVER OF GUARANTEE SUBORDINATION PROVISIONS.

Without in any way limiting the generality of Section 10.07, the holders of Guarantor Senior Debt may, at any time and from time to time, without the consent of or notice to the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing

or releasing the subordination provided in this Article Ten or the obligations hereunder of the Holders of the Securities to the holders of Guarantor Senior Debt, do any one or more of the following: (a) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Guarantor Senior

Debt or any instrument evidencing the same or any agreement under which Guarantor Senior Debt is outstanding or secured; (b) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Guarantor Senior Debt; (c) release any Person liable in any manner for the collection of Guarantor Senior Debt; and (d) exercise or refrain from exercising any rights against the Guarantor and any other Person.

ARTICLE ELEVEN

MISCELLANEOUS

SECTION 11.01. NOTICES.

Any notices or other communications required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telecopier, by reputable overnight delivery service, or registered mail, postage prepaid, return receipt requested, addressed as follows:

if to the Company or any Guarantor:

Designs, Inc.
66 B Street
Needham, Massachusetts 02494

Attention: Chief Financial Officer

Facsimile: (781) 444-7462

with a copy to

Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, New York 10022

Attention: Peter G. Smith, Esq.

Facsimile: (212) 715-8000

if to the Holders, to their respective addresses set forth on or following the signature pages hereto or otherwise specified to the Company in writing by notice given in accordance with this Section 11.01,

with a copy to

Patterson, Belknap, Webb & Tyler LLP
1133 Avenue of the Americas
New York, New York 10036

Attention: Jeffrey E. LaGueux, Esq.

Facsimile: (212) 336-2222

and a copy to

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036-6522

Attention: Richard T. Prins, Esq.

Facsimile: (212) 735-2000

Each of the Company, the Guarantors and the Holders by written notice to each other may designate additional or different addresses for notices to such Person. Any notice or communication to the Company and the Guarantors shall be deemed to have been given or made as of the date so delivered if personally delivered; when answered back, if telexed; when receipt is acknowledged, if telecopied; one (1) business day after mailing by reputable overnight courier; and five (5) calendar days after mailing if sent by

registered mail, postage prepaid (except that, notwithstanding the foregoing, a notice of change of address shall not be deemed to have been given until actually received by the addressee). Notice to the Holders shall be deemed given when actually received by the Holders.

Any notice or communication mailed to a Securityholder shall be mailed to him by first class mail or other equivalent means at his address as it appears on the registration books of the Company and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 11.02. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Note Agreement, other than the Officers' Certificate required by Section 4.08(a), shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition and the definitions relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with; provided, however, that with respect to matters of fact an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

SECTION 11.03. LEGAL HOLIDAYS.

A "Legal Holiday" used with respect to a particular place of payment is a Saturday, a Sunday or a day on which banking institutions in New York, New York, or at such place of payment are

not required to be open. If a payment date is a Legal Holiday at such place, payment may be made at such place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 11.04. GOVERNING LAW.

THIS NOTE AGREEMENT, THE SECURITIES AND THE GUARANTEES WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE AGREEMENT OR THE SECURITIES OR THE GUARANTEES.

SECTION 11.05. NO RECOURSE AGAINST OTHERS.

A director, officer, employee, stockholder or incorporator, as such, of the Company or any Guarantor shall not have any liability for any Obligations of the Company or any Guarantor under the Securities, the Guarantees or this Note Agreement or for any claim based on, in respect of or by reason of such Obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Securities.

SECTION 11.06. SUCCESSORS.

All agreements of the Company in this Note Agreement and the Securities shall bind its successors.

SECTION 11.07. DUPLICATE ORIGINALS.

All parties may sign any number of copies of this Note Agreement. Each signed copy or counterpart shall be an original, but all of them

together shall represent the same agreement.

SECTION 11.08. SEVERABILITY.

In case any one or more of the provisions in this Note Agreement, in the Securities or in the Guarantees shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 11.09 REPRESENTATIONS AND WARRANTIES.

The Company hereby represents and warrants to each Initial Purchaser of the Securities, as of May 14, 2002, as set forth in Annex A attached to this Note Agreement and made a part hereof.

[SIGNATURE PAGES TO FOLLOW]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Note Agreement to be duly executed, all as of the date first written above.

THE COMPANY:

DESIGNS, INC.

By:

Name: Dennis R. Hernreich
Title: Chief Financial Officer

PURCHASERS:

CLARK PARTNERS I, L.P.

By:

Name:
Title:

JEWELCOR MANAGEMENT, INC.

By:

Name:
Title:

BARON ASSET FUND
On behalf of THE BARON SMALL CAP FUND SERIES

By: Bamco, inc.

By:

Name:
Title:

EXHIBIT A

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER: (1) REPRESENTS THAT IT IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT (AN "AI"), (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE COMPANY, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (C) TO AN AI THAT, PRIOR TO SUCH TRANSFER, FURNISHES THE COMPANY A SIGNED LETTER CONTAINING CERTAIN CUSTOMARY REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE COMPANY) AND AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, OR (D) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY) AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED

STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHICH THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND, AND (4) FURTHER AGREES THAT IT MAY NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (X) IN DENOMINATIONS OF NOT LESS THAN $2 MILLION AND (Y) WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY, WHICH CONSENT SHALL NOT UNREASONABLY BE WITHHELD. THIS NOTE IS SUBJECT AND SUBORDINATE TO THE LIABILITIES OF DESIGNS, INC. DUE OR TO BECOME DUE TO FLEET RETAIL FINANCE INC., AGENT PURSUANT TO A SUBORDINATION AGREEMENT DATED MAY 14, 2002, AS AMENDED AND IN EFFECT.

THIS NOTE IS SUBJECT AND SUBORDINATE TO THE LIABILITIES OF DESIGNS, INC. DUE OR TO BECOME DUE TO FLEET RETAIL FINANCE INC., AGENT PURSUANT TO A SUBORDINATION AGREEMENT DATED MAY 14, 2002, AS AMENDED AND IN EFFECT.

DESIGNS, INC.

12% Senior Subordinated Note
due 2007

No.__ $_____

DESIGNS, INC., a Delaware corporation (the "Company", which term includes any successor corporation), for value received, promises to pay to _____, or registered assigns, the principal sum of _____ ($_____) on April 26, 2007.

Interest Payment Dates: July 31, October 31, January 31, and April 30.

Reference is made to the further provisions of this Security contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers.

DESIGNS, INC.

By:

Name:
Title:

By:

Name:
Title:

DESIGNS, INC.

12% Senior Subordinated Note
due 2007

1. INTEREST.

DESIGNS, INC., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest quarterly on July 31, October 31, January 31 and April 30 of each year (each an "Interest Payment Date"), commencing July 31, 2002. Interest on the Securities will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from _____, 2002. Interest will be computed on the basis of a 360-day year of twelve 30-day months or in the case of a partial month, the actual number of days elapsed.

The Company shall pay interest at the rate of interest then borne by the Securities on overdue installments of principal and on overdue installments of interest to the extent lawful as provided in the Note Agreement. The interest rate in respect of any overdue installment of interest on the Securities which is not paid when due by virtue of Article 8 of the Note Agreement (as defined below) shall be increased by 500 basis points, to a rate of 17% per annum.

2. METHOD OF PAYMENT.

The Company shall pay interest on the Securities (except

defaulted interest) to the persons who are the registered Holders at the close of business on the Interest Payment Date. Holders must surrender Securities to the Company at its principal place of business to collect principal payments. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal and interest by wire transfer of Federal funds, or interest by check payable in such U.S. Legal Tender. The Company shall deliver any such interest payment to a Holder at the Holder's registered address.

3. NOTE AGREEMENT.

The Company issued the Securities under a Note Agreement, dated as of April 26, 2002, and amended and restated as of May 14, 2002 (the "Note Agreement"), by and among the Company, the Guarantors named therein and the Initial Purchasers. Capitalized terms herein are used as defined in the Note Agreement unless otherwise defined herein. The terms of the Securities include those stated in the Note Agreement and as it may be amended from time to time.

4. OPTIONAL REDEMPTION.

The Securities will be redeemable, at the Company's option, in whole at any time or in part from time to time, upon not less than 15 nor more than 30 days' notice, at 100% of the principal amount thereof, plus, in each case, accrued and unpaid interest to the date of redemption.

5. NOTICE OF OPTIONAL REDEMPTION.

Notice of redemption will be sent, by first class mail, postage prepaid, at least 15 days but not more than 30 days before the Redemption Date to each Holder of Securities to be redeemed at such Holder's registered address.

Except as set forth in the Note Agreement, unless the Company defaults in the payment of such Redemption Price plus accrued and unpaid interest, if any, the Securities called for redemption will cease to bear interest from and after such Redemption Date and the only right of the Holders of such Securities will be to receive payment of the Redemption Price plus accrued and unpaid interest, if any to the Redemption Date.

6. OFFERS TO PURCHASE.

Section 4.13 of the Note Agreement provides that, and upon the occurrence of a Change of Control and subject to further limitations contained therein, the Company will make an offer to purchase the Securities in accordance with the procedures set forth in the Note Agreement.

7. SPECIAL MANDATORY REDEMPTION. [This provision shall appear only in Securities numbered Nos. 1 to 4 as originally issued. The provisions of Section 3.05 of the Note Agreement shall be void and of no further force and effect from and after May 14, 2002. In Securities issued from and after May 14, 2002, this provision shall be replaced by the notation "Intentionally Omitted as Inapplicable From and After May 14, 2002."]

Section 3.05 of the Note Agreement provides that if the funds deposited with Casual Male have been released to the Company (or its designee), because substantially all of the assets of Casual Male and certain related entities have been acquired by a party other than the Company or otherwise as provided in the auction procedures approved by order of the United States Bankruptcy Court, constituting a Mandatory Redemption Event (as defined in the Note Agreement), the Company will redeem all of the Securities at 100% of the principal amount of the Securities plus accrued and unpaid interest to the date of redemption in accordance with the procedures set forth in Section 3.05.

8. DENOMINATIONS; TRANSFER; EXCHANGE.

The Securities are in registered form, without coupons. A Holder shall register the transfer of or exchange Securities in accordance with the Note Agreement. The Company may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay certain transfer taxes or similar governmental charges payable in connection therewith as permitted by the Note Agreement. The Company need not register the transfer of or exchange any Securities or portions thereof (i) during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Securities and ending at the close of business on the day of such mailing and (ii) selected for redemption, except the unredeemed portion of any Security being redeemed in part.

9. PERSONS DEEMED OWNERS.

The registered Holder of a Security shall be treated as the owner of it for all purposes.

10. AMENDMENT; SUPPLEMENT; WAIVER.

Subject to certain exceptions, the Note Agreement and the Securities may be amended or supplemented with the written consent of the Holders of at least 75% in aggregate principal amount of the

Securities then outstanding, and any existing Default or Event of Default or compliance with any provision may be waived with the consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or consent of any Holder, the Company may amend or supplement the Note Agreement and the Securities to, among other things, cure any ambiguity, defect or inconsistency or make any other change that does not adversely affect the rights of any Holder of a Security in any material respect.

11. RESTRICTIVE COVENANTS.

The Note Agreement contains certain covenants that, among other things, limit the ability of the Company and the Subsidiaries to incur additional Indebtedness, create certain Liens, pay dividends or make certain other Restricted Payments, consummate certain Asset Sales, enter into certain transactions with Affiliates and merge or consolidate with any other Person or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the assets of the Company. The limitations are subject to a number of important qualifications and exceptions.

12. SUBORDINATION.

The Indebtedness evidenced by the Securities is, to the extent and in the manner provided in the Note Agreement, subordinated in right of payment to the prior payment in full in cash of all Senior Debt, and this Security is issued subject to such provisions. Each Holder of this Security, by accepting the same, agrees to and shall be bound by such provisions.

13. DEFAULTS AND REMEDIES.

If an Event of Default occurs and is continuing, the Holders of at least 25% in aggregate principal amount of Securities then outstanding may declare the principal of and accrued interest on all the Securities to be due and payable immediately in the manner and with the effect provided in the Note Agreement. Holders of Securities may not enforce the Note Agreement or the Securities except as provided in the Note Agreement. The Note Agreement permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Securities then outstanding to exercise any power.

14. NO RECOURSE AGAINST OTHERS.

No stockholder, director, officer, employee or incorporator, as such, of the Company shall have any liability for any obligation of the Company under the Securities or the Note Agreement or for any claim based on, in respect of or by reason of, such Obligations or their creation. Each Holder of a Security by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities.

15. GUARANTEES.

This Security will be entitled to the benefits of certain Guarantees made for the benefit of the Holders. Reference is hereby made to the Note Agreement for a statement of the respective rights, limitations of rights, duties and Obligations thereunder of the Guarantors and the Holders.

16. ABBREVIATIONS AND DEFINED TERMS.

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (=

joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. NOTE AGREEMENT.

The Company will furnish to any Holder of a Security upon

written request and without charge a copy of the Note Agreement. Requests may be made to: Designs, Inc., 66 B Street, Needham, Massachusetts 02494, Attn: Chief Financial Officer.

18. GOVERNING LAWS.

This Security and the Note Agreement shall be governed by and construed in accordance with the laws of the State of New York, as applied to contracts made and performed within the State of New York, without regard to principles of conflict of laws. Each of the parties hereto agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to this Security.

ASSIGNMENT FORM

I or we assign and transfer this Security to:

- ----------

- ----------

(Print or type name, address and zip code of assignee or transferee)

(Insert Social Security or other identifying number of assignee or transferee)

and irrevocably appoint
----------,
agent to transfer this Security on the books of the Company.
The agent may substitute another to act for him.

Dated:

Signed:

(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Company)

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section ___ of the Note Agreement, check the box:

If you want to elect to have only part of this Security purchased by the Company pursuant to ___ of the Note Agreement, state the amount: $_____

Dated:

Signed:

(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Company)

EXHIBIT B

GUARANTEE

For value received, the undersigned hereby unconditionally, absolutely and irrevocably guarantees, as principal obligor and not only as a surety, to the Holder of this Security the cash payments in United States dollars of principal of, premium, if any, and interest on this Security in the amounts and at the times when due and interest on the overdue principal,

premium, if any, and interest, if any, of this Security, if lawful, and the payment or performance of all other Obligations of the Company under the Note Agreement (as defined below) or the Security, to the Holder of this Security, all in accordance with and subject to the terms and limitations of this Security, Article Nine and Article Ten of the Note Agreement and this Guarantee. This Guarantee will become effective in accordance with Article Nine of the Note Agreement and its terms shall be evidenced therein. The validity and enforceability of this Guarantee shall not be affected by the fact that it is not affixed to any particular Security. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Note Agreement dated as of April 26, 2002, and amended and restated as of May 14, 2002, among Designs, Inc., a Delaware corporation, as issuer (the "Company"), each of the Guarantors referred to therein and the Initial Purchasers (as amended or supplemented, the "Note Agreement").

The obligations of the undersigned to the Holders of Securities pursuant to this Guarantee and the Note Agreement are expressly set forth in Articles Nine and Ten of the Note Agreement and are expressly subordinated in right of payment to the prior payment in full of all Guarantor Senior Debt of the Guarantor issuing this Guarantee, to the extent and in the manner provided in Article Ten of the Note Agreement and reference is hereby made to the Note Agreement for the precise terms of the Guarantee and all of the other provisions of the Note Agreement to which this Guarantee relates.

THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICT OF LAWS. Each Guarantor hereby agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to this Guarantee.

This Guarantee is subject to release upon the terms set forth in the Note Agreement.

IN WITNESS WHEREOF, each Guarantor has caused its Guarantee to be duly executed.

Date:_____

[NAME OF GUARANTOR], as Guarantor

By:

Name:
Title:

By:

Name:
Title:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER: (1) REPRESENTS THAT IT IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT (AN "AI"), (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE COMPANY, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (C) TO AN AI THAT, PRIOR TO SUCH TRANSFER, FURNISHES THE COMPANY A SIGNED LETTER CONTAINING CERTAIN CUSTOMARY REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE COMPANY) AND AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, OR (D) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY) AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHICH THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND, AND (4) FURTHER AGREES THAT IT MAY NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (X) IN DENOMINATIONS OF NOT LESS THAN $2 MILLION AND (Y) WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY, WHICH CONSENT SHALL NOT UNREASONABLY BE WITHHELD. THIS NOTE IS SUBJECT AND SUBORDINATE TO THE LIABILITIES OF DESIGNS, INC. DUE OR TO BECOME DUE TO FLEET RETAIL FINANCE INC., AGENT PURSUANT TO A SUBORDINATION AGREEMENT DATED MAY 14, 2002, AS AMENDED AND IN EFFECT.

THIS NOTE IS SUBJECT AND SUBORDINATE TO THE LIABILITIES OF DESIGNS, INC. DUE OR TO BECOME DUE TO FLEET RETAIL FINANCE INC., AGENT PURSUANT TO A SUBORDINATION AGREEMENT DATED MAY 14, 2002, AS AMENDED AND IN EFFECT.

DESIGNS, INC.

Form of
12% Senior Subordinated Note
due 2007

No. __ $_____

DESIGNS, INC., a Delaware corporation (the "Company", which term includes any successor corporation), for value received, promises to pay to _____, or registered assigns, the principal sum of _____ ($_____) on April 26, 2007.

Interest Payment Dates: July 31, October 31, January 31, and April 30.

Reference is made to the further provisions of this Security contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers.

DESIGNS, INC.

By:

Name:
Title:

By:

Name:
Title:

DESIGNS, INC.

12% Senior Subordinated Note
due 2007

1. INTEREST.

DESIGNS, INC., a Delaware corporation (the "Company"),

promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest quarterly on July 31, October 31, January 31 and April 30 of each year (each an "Interest Payment Date"), commencing July 31, 2002. Interest on the Securities will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from _____, 2002. Interest will be computed on the basis of a 360-day year of twelve 30-day months or in the case of a partial month, the actual number of days elapsed.

The Company shall pay interest at the rate of interest then borne by the Securities on overdue installments of principal and on overdue installments of interest to the extent lawful as provided in the Note Agreement. The interest rate in respect of any overdue installment of interest on the Securities which is not paid when due by virtue of Article 8 of the Note Agreement (as defined below) shall be increased by 500 basis points, to a rate of 17% per annum.

2. METHOD OF PAYMENT.

The Company shall pay interest on the Securities (except defaulted interest) to the persons who are the registered Holders at the close of business on the Interest Payment Date. Holders must surrender Securities to the Company at its principal place of business to collect principal payments. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal and interest by wire transfer of Federal funds, or interest by check payable in such U.S. Legal Tender. The Company shall deliver any such interest payment to a Holder at the Holder's registered address.

3. NOTE AGREEMENT.

The Company issued the Securities under a Note Agreement, dated as of April 26, 2002, and amended and restated as of May 14, 2002 (the "Note Agreement"), by and among the Company, the Guarantors named therein and the Initial Purchasers. Capitalized terms herein are used as defined in the Note Agreement unless otherwise defined herein. The terms of the Securities include those stated in the Note Agreement and as it may be amended from time to time.

4. OPTIONAL REDEMPTION.

The Securities will be redeemable, at the Company's option, in whole at any time or in part from time to time, upon not less than 15 nor more than 30 days' notice, at 100% of the principal amount thereof, plus, in each case, accrued and unpaid interest to the date of redemption.

5. NOTICE OF OPTIONAL REDEMPTION.

Notice of redemption will be sent, by first class mail, postage prepaid, at least 15 days but not more than 30 days before the Redemption Date to each Holder of Securities to be redeemed at such Holder's registered address.

Except as set forth in the Note Agreement, unless the Company defaults in the payment of such Redemption Price plus accrued and unpaid interest, if any, the Securities called for redemption will cease to bear interest from and after such Redemption Date and the only right of the Holders of such Securities will be to receive payment of the Redemption Price plus accrued and unpaid interest, if any to the Redemption Date.

6. OFFERS TO PURCHASE.

Section 4.13 of the Note Agreement provides that, and upon the occurrence of a Change of Control and subject to further limitations contained therein, the Company will make an offer to purchase the Securities in accordance with the procedures set forth in the Note Agreement.

7. SPECIAL MANDATORY REDEMPTION. [This provision shall appear only in Securities numbered Nos. 1 to 4 as originally issued. The provisions of Section 3.05 of the Note Agreement shall be void and of no further force and effect from and after May 14, 2002. In Securities issued from and after May 14, 2002, this provision shall be replaced by the notation "Intentionally Omitted as Inapplicable From and After May 14, 2002."]

Section 3.05 of the Note Agreement provides that if the funds deposited with Casual Male have been released to the Company (or its designee), because substantially all of the assets of Casual Male and certain related entities have been acquired by a party other than the Company or otherwise as provided in the auction procedures approved by order of the United States Bankruptcy Court, constituting a Mandatory Redemption Event (as defined in the

Note Agreement), the Company will redeem all of the Securities at 100% of the principal amount of the Securities plus accrued and unpaid interest to the date of redemption in accordance with the procedures set forth in Section 3.05.

8. DENOMINATIONS; TRANSFER; EXCHANGE.

The Securities are in registered form, without coupons. A Holder shall register the transfer of or exchange Securities in accordance with the Note Agreement. The Company may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay certain transfer taxes or similar governmental charges payable in connection therewith as permitted by the Note Agreement. The Company need not register the transfer of or exchange any Securities or portions thereof (i) during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Securities and ending at the close of business on the day of such mailing and (ii) selected for redemption, except the unredeemed portion of any Security being redeemed in part.

9. PERSONS DEEMED OWNERS.

The registered Holder of a Security shall be treated as the owner of it for all purposes.

10. AMENDMENT; SUPPLEMENT; WAIVER.

Subject to certain exceptions, the Note Agreement and the Securities may be amended or supplemented with the written consent of the Holders of at least 75% in aggregate principal amount of the

Securities then outstanding, and any existing Default or Event of Default or compliance with any provision may be waived with the consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or consent of any Holder, the Company may amend or supplement the Note Agreement and the Securities to, among other things, cure any ambiguity, defect or inconsistency or make any other change that does not adversely affect the rights of any Holder of a Security in any material respect.

11. RESTRICTIVE COVENANTS.

The Note Agreement contains certain covenants that, among other things, limit the ability of the Company and the Subsidiaries to incur additional Indebtedness, create certain Liens, pay dividends or make certain other Restricted Payments, consummate certain Asset Sales, enter into certain transactions with Affiliates and merge or consolidate with any other Person or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the assets of the Company. The limitations are subject to a number of important qualifications and exceptions.

12. SUBORDINATION.

The Indebtedness evidenced by the Securities is, to the extent and in the manner provided in the Note Agreement, subordinated in right of payment to the prior payment in full in cash of all Senior Debt, and this Security is issued subject to such provisions. Each Holder of this Security, by accepting the same, agrees to and shall be bound by such provisions.

13. DEFAULTS AND REMEDIES.

If an Event of Default occurs and is continuing, the Holders of at least 25% in aggregate principal amount of Securities then outstanding may declare the principal of and accrued interest on all the Securities to be due and payable immediately in the manner and with the effect provided in the Note Agreement. Holders of Securities may not enforce the Note Agreement or the Securities except as provided in the Note Agreement. The Note Agreement permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Securities then outstanding to exercise any power.

14. NO RECOURSE AGAINST OTHERS.

No stockholder, director, officer, employee or incorporator, as such, of the Company shall have any liability for any obligation of the Company under the Securities or the Note Agreement or for any claim based on, in respect of or by reason of, such Obligations or their creation. Each Holder of a Security by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities.

15. GUARANTEES.

This Security will be entitled to the benefits of certain Guarantees made for the benefit of the Holders. Reference is hereby made to the Note Agreement for a statement of the respective rights, limitations of rights, duties and Obligations thereunder of the Guarantors and the Holders.

16. ABBREVIATIONS AND DEFINED TERMS.

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (=

joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. NOTE AGREEMENT.

The Company will furnish to any Holder of a Security upon written request and without charge a copy of the Note Agreement. Requests may be made to: Designs, Inc., 66 B Street, Needham, Massachusetts 02494, Attn: Chief Financial Officer.

18. GOVERNING LAWS.

This Security and the Note Agreement shall be governed by and construed in accordance with the laws of the State of New York, as applied to contracts made and performed within the State of New York, without regard to principles of conflict of laws. Each of the parties hereto agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to this Security.

ASSIGNMENT FORM

I or we assign and transfer this Security to:

- ----------

- ----------
(Print or type name, address and zip code of assignee or transferee)

(Insert Social Security or other identifying number of assignee or transferee)

and irrevocably appoint_____,
agent to transfer this Security on the books of the Company.
The agent may substitute another to act for him.

Dated:

Signed:

(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Company)

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section _____ of the Note Agreement, check the box:

If you want to elect to have only part of this Security purchased by the Company pursuant to _____ of the Note Agreement, state the amount: $_____

Dated:

Signed:

(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Company)

GUARANTEE

For value received, the undersigned hereby unconditionally, absolutely and irrevocably guarantees, as principal obligor and not only as a surety, to the Holder of this Security the cash payments in United States dollars of principal of, premium, if any, and interest on this Security in the amounts and at the times when due and interest on the overdue principal, premium, if any, and interest, if any, of this Security, if lawful, and the payment or performance of all other Obligations of the Company under the Note Agreement (as defined below) or the Security, to the Holder of this Security, all in accordance with and subject to the terms and limitations of this Security, Article Nine and Article Ten of the Note Agreement and this Guarantee. This Guarantee will become effective in accordance with Article Nine of the Note Agreement and its terms shall be evidenced therein. The validity and enforceability of this Guarantee shall not be affected by the fact that it is not affixed to any particular Security. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Note Agreement dated as of April 26, 2002, and amended and restated as of May 14, 2002, among Designs, Inc., a Delaware corporation, as issuer (the "Company"), each of the Guarantors referred to therein and the Initial Purchasers (as amended or supplemented, the "Note Agreement").

The obligations of the undersigned to the Holders of Securities pursuant to this Guarantee and the Note Agreement are expressly set forth in Articles Nine and Ten of the Note Agreement and are expressly subordinated in right of payment to the prior payment in full of all Guarantor Senior Debt of the Guarantor issuing this Guarantee, to the extent and in the manner provided in Article Ten of the Note Agreement and reference is hereby made to the Note Agreement for the precise terms of the Guarantee and all of the other provisions of the Note Agreement to which this Guarantee relates.

THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICT OF LAWS. Each Guarantor hereby agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to this Guarantee.

This Guarantee is subject to release upon the terms set forth in the Note Agreement.

IN WITNESS WHEREOF, each Guarantor has caused its Guarantee to be duly executed.

Date:_____

[NAME OF GUARANTOR], as Guarantor

By:

Name:
Title:

By:

Name:
Title:

EXHIBIT 10.4

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE, AND THIS NOTE MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS IT HAS BEEN SO REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THIS NOTE IS SUBJECT AND SUBORDINATE TO THE LIABILITIES OF DESIGNS, INC. DUE OR TO BECOME DUE TO FLEET RETAIL FINANCE INC., AGENT PURSUANT TO A SUBORDINATION AGREEMENT DATED MAY 14, 2002, AS AMENDED AND IN EFFECT.

DESIGNS, INC.
FORM OF 5% SUBORDINATED NOTE DUE April 26, 2007

_____, 2002 $_____

Designs, Inc., a Delaware corporation (the "Company"), for value received, hereby promises to pay to _____, a _____ corporation (the "PAYEE"), on April 26, 2007, the principal sum of _____ dollars ($_____), together with interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal amount hereof at the rate of five percent (5%) per annum from the date hereof.

1. MANDATORY PRINCIPAL PAYMENTS. On the last day of each fiscal quarter of the Company starting with the fiscal quarter ending July 31, 2003, the Company shall pay towards the then-outstanding principal amount of this Note the amount of $_____.

2. PAYMENT OF INTEREST. Interest accrued on this Note is payable on July 31, October 31, January 31, and April 30 of each year.

3. METHOD OF PAYMENT. The Company shall make all payments of amounts due under this Note by wire transfer of immediately available funds to an account designated by the Payee in a written notice to the Company.

4. OPTIONAL PREPAYMENT. The Company may prepay this Note in whole or in part at any time without premium or penalty. Any such prepayment will be applied first against all accrued and unpaid interest and then in reduction of the then-outstanding principal balance.

5. EVENTS OF DEFAULT. The occurrence of one or more of the following events (an "EVENT OF DEFAULT") will cause the Company to be in default under this Note:

(1) the Company fails to make any payment of principal or interest when due hereunder and that failure is not cured within 10 days after written notice thereof from the Payee to the Company;

(2) there occurs a Bankruptcy Event with respect to the Company;

(3) the final stated maturity of any senior debt or senior subordinated debt obligation of the Company is accelerated, which acceleration is not rescinded, annulled or otherwise cured within 10 days of receipt by the Company of notice of such acceleration; or

(4) any material agreement between the Company and the Payee has been terminated by the Payee in accordance with its terms by reason of a material breach by the Company of any of its obligations thereunder.

As used herein, "Bankruptcy Event" means any of the following:

(1) the institution by the Company of bankruptcy or insolvency proceedings;

(2) the consent of the Company to the institution of bankruptcy or insolvency proceedings against the Company;

(3) the filing by the Company of a petition seeking reorganization or release under applicable law, or the consent by the Company to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of the property of the Company;

(4) the making by the Company of an assignment for the benefit of creditors; and

(5) the entry of an order by a court having jurisdiction adjudging the Company bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment, or

composition of or in respect of the Company under applicable law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company, or of any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company, and (A) the Company consents to that decree or order or (B) that decree or order remains unstayed and in effect for more than 60 consecutive days.

6. ACCELERATION. The entire unpaid principal balance of this Note, together with interest accrued thereon, will become immediately due and payable (x) immediately upon written notice from the Payee to the Company upon the occurrence of an Event of Default under clause (1) or (4) of Section 5 or (y) automatically upon the occurrence of an Event of Default under clause (2) or (3) of Section 5.

7. SUBORDINATION. (a) This Note shall be pari-passu with the Company's 12% Senior Subordinated Notes Due 2007 (the "12% Notes") (as well as with any other 5% Subordinated Notes Due April 26, 2007 of the Company payable to the Payee) and shall be, to the same extent as such 12% Notes, subordinated and junior in right of payment to the prior payment in full in cash of all amounts payable under Senior Debt, as defined for the purposes of such 12% Notes, whether outstanding on the issue date hereof or thereafter incurred.

(b) No direct or indirect payment by or on behalf of the Company of principal of or interest on this Note, whether pursuant to the terms hereof, upon acceleration, or otherwise, shall be made if (i) a default in the payment of the principal of or premium, if any, or interest on Designated Senior Debt, as defined for purposes of the 12% Notes, occurs and is continuing

beyond any applicable period of grace or (ii) any other default occurs and is continuing with respect to Designated Senior Debt that permits holders of the Designated Senior Debt as to which such default relates to accelerate its maturity and the Payee receives a written notice of such other default (a "PAYMENT BLOCKAGE NOTICE") from the Company or the holders of any Designated Senior Debt (with a copy to the Company) until all Obligations with respect to such Designated Senior Debt are paid in full; payments on this Note shall be resumed (x) in the case of a payment default, upon the date on which such default is cured or waived and (y) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received by the Holder (such period being referred to herein as the "PAYMENT BLOCKAGE PERIOD"), unless the maturity of any Designated Senior Debt has been accelerated (and written notice of such acceleration has been received by the Company).

(c) In no event shall a Payment Blockage Period extend beyond 179 days from the date the Payment Blockage Notice in respect thereof was given and not more than one Payment Blockage Period may be commenced with respect to this Note during any period of 360 consecutive days.

(d) In the event that, notwithstanding the foregoing, any payment shall be received by the Payee when such payment is prohibited by this Section 7, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Designated Senior Debt or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Designated Senior Debt may have been issued, as their respective interests may appear, but only to the extent that, upon notice to the holders of Designated Senior Debt that such prohibited payment has been made, the holders of the Designated Senior Debt (or their representative or representatives or a trustee) notify the Company and the Payee in writing of the amounts then due and owing on the Designated Senior Debt, if any, and only the amounts specified in such notice shall be paid to the holders of Designated Senior Debt.

(e) Nothing herein shall prohibit the Company from making quarterly scheduled payments of interest on the Notes, nor the scheduled payments of principal in the amount of $_____ per quarter beginning July 31, 2003, at the times and in the amounts originally provided for herein so long as no default or event of default on Designated Senior Debt has occurred and is continuing.

8. GOVERNING LAW. This Agreement is governed by the laws of the State of New York applicable to contracts executed and fully performed within the State of New York.

9. NOTICES. (a) Every notice or other communication required or contemplated by this Agreement must be in writing and sent by one of the following methods: (1) personal delivery, in which case delivery is deemed to occur the day of delivery; (2) certified or registered mail, postage prepaid, return receipt requested, in which case delivery is deemed to occur the day it is officially recorded by the U.S. Postal Service as delivered to the intended

recipient; (3) next-day delivery to a U.S. address by recognized overnight delivery service such as Federal Express, in which case delivery is deemed to occur upon receipt; or (4) facsimile transmission, with written confirmation from the recipient of receipt of the transmission, in which case delivery is

deemed to occur on the day of transmission (if transmitted by 5:00 p.m. New York time on a Business Day) or the next Business Day (if transmitted any other time).

(b) In each case, a notice or other communication sent to a party must be directed (1) if to the Company, to the Company's address indicated in the Payee's records as of the date of that notice, or (2) if to the Payee, to (A) its address shown on the records of the Company as of the date of that notice or (B) such other address as the Payee designates by written notice to the Company from time to time.

10. WAIVER OF RIGHTS. No failure or delay on the part of the Payee in exercising any right, power, privilege or remedy hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right, power, privilege or remedy preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy hereunder. The rights and remedies provided herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies, now or hereafter existing, at law or in equity or otherwise.

11. AMENDMENT. No amendment or waiver of any provision of this Note nor consent to any departure by the Company therefrom will be effective unless it is in writing and signed by the Payee, and then that waiver or consent will be effective only in the specific instance and for the specific purpose for which it is given.

12. SUCCESSORS AND ASSIGNS. This Note is binding upon the Company and its legal representatives, successors and assigns and the terms hereof inure to the benefit of the Payee and the Payee's successors by operation of law. The Payee may not assign or otherwise transfer this Note without the prior written consent of the Company.

13. SEVERABILITY. The provisions of this Note are severable, and if any provision is held invalid or unenforceable in whole or in part in any jurisdiction, then that invalidity or unenforceability will not in any manner affect that provision in any other jurisdiction or any other provision of this Note in any jurisdiction.

14. ENTIRE AGREEMENT. This Note sets forth the entire agreement of the Company and the Payee with respect to this Note.

15. EXPENSES. The Company shall pay all expenses reasonably incurred by the Payee in connection with collection of this Note, including without limitation reasonable attorney's fees and disbursements.

16. WAIVER OF PRESENTMENT. The Company hereby waives presentment, demand for payment, notice of dishonor, notice of protest, and protest, and all other notices or demands in connection with the delivery, acceptance, performance, default or endorsement of this instrument. The obligation to make payments to the Payee hereunder is absolute and unconditional and the rights of the Payee are not subject to any defense, set-off, counterclaim or recoupment that the Company may have against the Payee or by reason of any indebtedness or liability at any time owing by the Payee to the Company or otherwise. If this Note is negotiated, endorsed, assigned, transferred, hypothecated or pledged, the obligations of the Company hereunder will continue in full force and effect.

17. GUARANTY. The payment of principal and interest on this Note shall be absolutely and unconditionally guaranteed, on a senior subordinated basis, by such subsidiary of the Company, if any, as may acquire and hold substantially all of the assets acquired from Casual Male Corp. and certain direct or indirect subsidiaries which are debtors in the bankruptcy proceeding pending in the U.S. Bankruptcy Court of the Southern District of New York.

The Company is executing this Note as of _____, 2002.

DESIGNS, INC.

By:

Name: Dennis R. Hernreich
Title: Chief Financial Officer

EXHIBIT 10.5

FORM OF
WARRANT TO PURCHASE
COMMON STOCK

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED FOR RESALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES AND SUCH DISPOSITION FILED UNDER THE ACT, OR AN EXEMPTION FROM REGISTRATION, AND COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS. THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER HEREOF THAT SUCH REGISTRATION IS NOT REQUIRED AND THAT SUCH LAWS ARE COMPLIED WITH.

Void After 5:00 p.m., Eastern Time, on April 26, 2007 No. _____

Warrant to Purchase
_____ shares of
Common Stock, par value $.01 per share
of
DESIGNS, INC.

This is to Certify That, FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, _____ (the "HOLDER") is entitled to purchase, subject to the provisions of this Warrant, from Designs, Inc. ("COMPANY"), a Delaware corporation, at any time prior to 5:00 p.m., Eastern Time, on April 26, 2007, a total of _____ shares of Common Stock, par value $.01 per share, of the Company ("SECURITIES") at an initial purchase price of $0.01 per share. The number of Securities to be received upon the exercise of this Warrant and the price to be paid for the Securities may be adjusted from time to time as hereinafter set forth. The number of Securities to be received upon the exercise of this Warrant in effect at any time and as adjusted from time to time is hereinafter sometimes referred to as the "EXERCISE RATE" and the purchase price per Security in effect at any time and as adjusted from time to time, and subject to the minimum purchase price set forth in Section 7(l), is hereinafter sometimes referred to as the "EXERCISE PRICE" per Security. This Warrant is or may be one of a series of Warrants identical in form issued by the Company to purchase an aggregate of 2,891,471 shares of Common Stock. The Securities, as adjusted from time to time, together with any other Securities issuable upon exercise of this Warrant are hereinafter sometimes referred to as "WARRANT SECURITIES". Certain capitalized terms used in this Warrant are defined in Section 14 hereof.

1. EXERCISE OF WARRANT. This Warrant may be exercised at the option of the Holder in whole or in part at any time or from time to time prior to 5:00 p.m., Eastern Time on April 26, 2007, or if April 26, 2007, is a Saturday, Sunday or a day on which banking institutions in New York, New York are authorized by law to close, then on the next succeeding day (a "BUSINESS DAY") which shall not be such a day, by presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, with the Purchase Form annexed hereto duly executed, and accompanied by payment of the Exercise Price, for the number of Securities specified in such Form, together with all federal and state taxes applicable upon such exercise. If, upon exercise of this Warrant, the Warrant Securities issuable upon exercise of this Warrant are not then registered under the Act pursuant to an effective registration statement thereunder, the Holder shall be deemed to have represented and warranted to the Company that such Holder (x) is a "qualified institutional

buyer" as defined in Rule 144A under the Act or and "accredited investor" as defined in Rule 501 under the Act, in either case with such knowledge and experience in financial and business matters as is necessary to evaluate the merits and risks of an investment in the Warrant Securities, and (y) such Holder is not acquiring the Warrant Securities with a view to any distribution thereof or with any intention of offering or selling any Warrant Securities in a transaction that would violate the Act or the securities laws of any state of the United States. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the right of the Holder to purchase the balance of the Securities purchasable hereunder. Upon receipt by the Company of this Warrant at the office of the Company or at the office of the Company's stock transfer agent, in proper form for exercise and accompanied by the Exercise Price, if and as applicable, the Holder shall be deemed to be the holder of record of the Securities issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Securities shall not then be actually delivered to the Holder.

2. RESERVATION OF SECURITIES. The Company hereby agrees that at all times there shall be reserved for issuance and/or delivery upon exercise of this Warrant such number of shares of Securities as shall be required for issuance or delivery upon exercise of this Warrant. The Company covenants and agrees that, upon exercise of this Warrant and payment of the Exercise Price therefor, if and as applicable, all Securities and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Warrant shall be outstanding, the Company shall use its best efforts to cause all Securities issuable upon the exercise of this Warrant to be listed (subject to official notice of issuance) on all securities exchanges or quotation systems on which its Common Stock issued may then be listed and/or quoted.

3. FRACTIONAL SHARES. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the Prior Day Market Value of such fractional share.

4. LOSS OF WARRANT. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered shall constitute an additional contractual obligation on the part of the Company, whether or not the Warrant so lost, stolen, destroyed, or mutilated shall be at any time enforceable by anyone.

5. RIGHTS OF THE HOLDER. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and the registration rights agreement referred to in Section 15 hereof.

6. CERTAIN NOTICES TO WARRANT HOLDERS. The Company shall give prompt written notice to the Holder of any determination to make a distribution to the holders of its Common Stock of any cash dividends, assets, debt securities, preferred stock, or any rights or warrants to purchase debt securities, preferred stock, assets or other securities (other than Common Stock, or rights, options, or warrants to purchase Common Stock) of the Company, which notice shall state the nature and amount of such planned dividend or distribution and the record date therefor, and shall be received by the Holder or sent to the Holder by reputable overnight courier, in either case to its address as provided in Section 8, at least 10 days prior to such record date therefor. The Company shall provide notice to the Holder that any tender offer is being made for securities of the same class as any Warrant Securities no later than the first Business Day after the day the Company becomes aware of any such tender offer. Notwithstanding any notice provided to the Holder pursuant to this Section 6, the Holder

shall be entitled to any and all applicable adjustments to the Exercise Rate and the Exercise Price per Security as provided in Section 7 arising out of any event requiring notice to the Holder in this Section 6.

7. ADJUSTMENT OF EXERCISE RATE AND EXERCISE PRICE.

The Exercise Rate and the Exercise Price are subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 7. The Exercise Rate shall initially be the number of Securities for which this Warrant is initially exercisable as set forth in the introductory paragraph to this Warrant. In the event that this Warrant is transferred or exercised in part, the initial Exercise Rate of the portion not exercised or transferred shall be adjusted proportionately as shall the initial Exercise Rate of any partial transfer of this Warrant. For the purposes of Sections 7(a) and 7(b), (i) shares of Common Stock issuable upon the exercise of this Warrant and all other warrants of the same series as this Warrant shall be deemed to be outstanding and (ii) all shares of Common Stock that would be deemed to be outstanding as of the date of determination in respect of Convertible Securities, as determined in accordance with GAAP, shall be deemed to be outstanding.

(a) ADJUSTMENT FOR CHANGE IN CAPITAL STOCK. If, after the Issue Date, the Company:

(i) pays a dividend or makes a distribution on shares of its Common Stock payable in shares of its Common Stock (except to the extent any such dividend results in the grant, issuance, sale or making of Distribution Rights or Distributions (each as defined in Section 7(c)) to the Holder pursuant to Section 7(c));

(ii) subdivides or splits its outstanding shares of Common Stock into a greater number of shares; or

(iii) combines its outstanding shares of Common Stock into a smaller number of shares;

then (1) the Exercise Rate in effect immediately prior to such action for this Warrant shall be adjusted by multiplying the Exercise Rate in effect immediately prior to such action by a fraction (A) the numerator of which shall be the number of shares of Common Stock outstanding immediately after such action and (B) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such action or the record date applicable to such action, if any and (2) the Exercise Price per Security in effect immediately prior to such action shall be adjusted by multiplying the Exercise Price per Security in effect immediately prior to such action by a fraction (A) the numerator of which is one and (B) the denominator of which shall be the fraction calculated in clause (1) of the above formula. The adjustments shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision or combination. In the event that such dividend or distribution is not so paid or made or such subdivision, combination or reclassification is not effected, the Exercise Rate and the Exercise price per Security shall again be adjusted to be the Exercise Rate and the Exercise Price per Security which would then be in effect if such record date or effective date had not been so fixed.

(b) ADJUSTMENT FOR CERTAIN SALES OF COMMON STOCK BELOW CURRENT MARKET VALUE. If, after the Issue Date, the Company (i) grants or sells to any Affiliate of the Company (other than a wholly owned subsidiary of the Company) or (ii) grants, sells or offers to grant or sell to all holders of Common Stock, any shares of Common Stock or Convertible Securities (other than, in the case of each of clauses (i) and (ii), (1) pursuant to any Convertible Security or other right outstanding as of the Issue Date or issuable in connection with the Transactions and financing therefor and the fees and expenses thereof, or (2) upon the conversion, exchange or exercise of any Convertible Security or other right as to which upon the issuance thereof an adjustment pursuant to this Section 7 has been made), at a price below the then Current Market Value, the

Exercise Rate and the Exercise price per Security for this Warrant shall be adjusted in accordance with the formulae:

$$E(1) = \frac{E \times (O+N)}{(O + (N \times P/M))} \qquad \$(1) = \frac{\$ \times (O + N \times P/M)}{(O + N)}$$

where:

E(1) = the adjusted Exercise Rate for this Warrant;

E = the then current Exercise Rate for this Warrant;

$(1) = the adjusted Exercise Price per Security for this Warrant;

$ = the then current Exercise Price per Security for this Warrant;

O = the number of shares of Common Stock outstanding immediately prior to the sale of such Common Stock or issuance of Convertible Securities;

N = the number of shares of Common Stock so sold or the maximum stated number of shares of Common Stock issuable upon the conversion, exchange or exercise of any such Convertible Securities;

P = the proceeds per share of Common Stock received by the Company, which (i) in the case of shares of Common Stock is the amount received by the Company in consideration for the sale and issuance of such shares; and (ii) in the case of Convertible Securities is the amount received by the Company in consideration for the sale and issuance of such Convertible Securities, plus the minimum aggregate amount of additional consideration, other than the surrender of such Convertible Securities, payable to the Company upon exercise, conversion or exchange thereof; and

M = the Current Market Value as of the Time of Determination or at the time of sale, as the case may be, of a share of Common Stock.

The adjustments shall become effective immediately after the record date for the determination of shareholders entitled to receive the rights, warrants or options to which this paragraph (b) applies or upon consummation of the sale of Common Stock, as the case may be. To the extent that shares of Common Stock are not delivered after the expiration of such rights, warrants or options or exercise, conversion or exchange rights in respect to such Convertible Securities, the Exercise Rate and the Exercise Price per Security for this Warrant shall be readjusted to the Exercise Rate and the Exercise Price per Security which would otherwise be in effect had the adjustment made upon the issuance of such rights, warrants or options or Convertible Securities been made on the basis of delivery of only the number of shares of Common Stock actually delivered. In the event that such rights or warrants are not so issued, the Exercise Rate and the Exercise Price per Security for this Warrant shall again be adjusted to be the Exercise Rate and the Exercise Price per Security which would then be in effect if such date fixed for determination of shareholders entitled to receive such rights, warrants or options had not been so fixed.

No adjustments shall be made under this paragraph (b) if the application of the formula stated above in this paragraph (b) would result in a value of E(1) that is lower than the value of E.

No adjustments shall be made under this paragraph (b) for any adjustments which are the subject of paragraphs (a), (c) or (e) of this Section 7.

Anything in this Warrant to the contrary notwithstanding, an event which would otherwise give rise to adjustments pursuant to this Section 7(b) shall not give rise to such adjustments if the Company grants, sells or offers to sell shares of Common Stock or Convertible Securities, in each case on the same terms as the underlying event, to the Holder on a PRO RATA basis, assuming for the purpose of this Section 7(b) that all warrants of the same series as this Warrant had been exercised.

Notwithstanding the foregoing, no adjustment in the Exercise Rate or the Exercise Price per Security will be required in respect of: (a) the grant of any stock option or other stock incentive award pursuant to any present stock option or stock incentive plan or arrangement or pursuant to any other customary compensatory stock option or stock incentive plan for employees, officer and/or directors, (b) the grant of any stock option or stock incentive award at an exercise price at least equal to the then Prior Day Market Value or (c) the exercise of any stock option or stock incentive award or similar award or right.

(c) ADJUSTMENT UPON CERTAIN DISTRIBUTIONS.

(i) If at any time after the Issue Date the Company grants, issues or sells options, any Convertible Security, or rights to purchase capital stock or other securities (other than Common Stock) PRO RATA to the record holders or series of Common Stock ("DISTRIBUTION RIGHTS") or, without duplication, makes any distribution (other than a distribution pursuant to a plan of liquidation) other than a Permitted Cash Dividend (a "DISTRIBUTION") on shares of Common Stock (whether in cash, property, evidences of indebtedness, or otherwise), then the Exercise Rate and the Exercise Price per Security shall be adjusted in accordance with the formulae:

E(1) = E X (M/(M-F)) $(1) = $ X ((M-F)/M)

where:

E(1) = the adjusted Exercise Rate;

E = the current Exercise Rate for this Warrant;

$(1) = the adjusted Exercise Price per Security for this Warrant;

$ = the current Exercise Price per Security for this Warrant;

M = the Current Market Value per share of Common Stock at the Time of Determination;

F = the fair market value at the Time of Determination of such portion of the options, Convertible Securities, capital stock or other securities, cash,

property or assets distributable pursuant to such Distribution Rights or Distribution per share of outstanding Common Stock.

The adjustments shall become effective immediately after the Time of Determination with respect to the shareholders entitled to receive the options, Convertible Securities, warrants, cash, property, evidences of indebtedness or other securities or assets to which this paragraph (c)(i) applies. No adjustments shall be made under this paragraph (c) if the application of the formula stated above in this paragraph (c)(i) would result in a value of

E(1) that is lower than the value of E. This paragraph (c)(i) does not apply to any securities which result in adjustments pursuant to paragraphs (a) or (b) of this Section 7.

(ii) Anything in this Warrant to the contrary notwithstanding, an event which would otherwise give rise to adjustments pursuant to Section 7(c)(i) shall not give rise to such adjustments (or to adjustments pursuant to any other provision of this Section 7) if the Company grants, issues or sells Distribution Rights to the Holder or includes the Holder in such Distribution, in each case on a PRO RATA basis, assuming for the purpose of this Section 7(c)(ii) that all warrants of the same series as this Warrant had been exercised.

(iii) Notwithstanding anything to the contrary set forth in this Section 7(c), if, at any time, the Company makes any distribution pursuant to any plan of liquidation (a "LIQUIDATING DISTRIBUTION") on shares of Common Stock (whether in cash, property, evidences of indebtedness or otherwise), then, subject to applicable law, the Company shall make to the Holder the aggregate Liquidating Distribution which the Holder would have acquired if the Holder had held the maximum number of shares of Common Stock acquirable upon the complete exercise of this Warrant immediately before the Time of Determination of shareholders entitled to receive Liquidating Distributions.

(d) NOTICE OF ADJUSTMENTS. Whenever the Exercise Rate and Exercise Price per Security are adjusted, the Company shall promptly mail to the Holder a notice of the adjustments. The Company shall also provide the Holder with a certificate from the Company's independent public accountants briefly stating the facts requiring the adjustments and the manner of computing it. The certificate shall be conclusive evidence that the adjustments are correct, absent manifest error.

(e) REORGANIZATION OF COMPANY; FUNDAMENTAL TRANSACTION.

(i) If (x) the Company shall reclassify its Common Stock (other than a change in par value, or from par value to no par value, or a subdivision or combination thereof), or (y) the Company, in a single transaction or through a series of related transactions, consolidates with or merges with or into any other person or sells, assigns, transfers, leases, conveys or otherwise disposes of all or substantially all of its properties and assets to another person or group of affiliated persons or is a party to a merger or binding share exchange which, in the case of any of the transactions referred to in this clause (y), reclassifies or changes its outstanding Common Stock (each of (x) and (y) above being referred to as a "FUNDAMENTAL TRANSACTION"), as a condition to consummating any such Fundamental Transaction, the Company, in the case of any such reclassification referred to in clause (x), or the person formed by or surviving any such consolidation or merger if other than the Company or the person to whom such transfer has been made in the case of clause (y) above (the "SURVIVING PERSON"), shall enter into a supplemental warrant agreement. The supplemental warrant agreement shall provide (a) that the Holder may exercise this Warrant for the kind and amount of securities, cash or other assets which the Holder would have received immediately after the Fundamental Transaction if the Holder had exercised this Warrant immediately before the effective date of the transaction, assuming (to the extent applicable) that the Holder (i) was not a constituent person or an affiliate of a constituent person to any transaction described in clause (y) above, (ii) made no election with respect to any transaction described in clause (y) above, and (b) in the case of any transaction described in clause (y) above, that the Surviving Person shall succeed to and be substituted to every right and obligation of the Company in respect of this Warrant. The supplemental warrant agreement shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. The Surviving Person or the Company, as applicable, shall mail to the Holder a notice briefly describing the supplemental

warrant agreement. If the issuer of securities deliverable upon exercise of this Warrant is an affiliate of a Surviving Person, that issuer shall join in the supplemental warrant agreement.

(ii) Notwithstanding the foregoing, if a Fundamental Transaction shall occur and, upon consummation of such Fundamental Transaction, consideration is payable to holders of shares of Common Stock which consideration consists solely of cash, assuming (to the extent applicable) that the Holder (i) was not a constituent person or an affiliate of a constituent person to a transaction described in Section 7(e)(i)(y) above and (ii) made no election with respect thereto, then the Holder shall be entitled to receive distributions upon consummation of such Fundamental Transaction on an equal basis with holders of Common Stock as if this Warrant had been exercised immediately prior to such event, less the aggregate Exercise Price therefor; PROVIDED that the Company or the Surviving Person, as the case may be, may require the surrender of this Warrant to such person prior to making any such distribution to the Holder. Upon receipt of such payment, if any, the rights of the Holder shall terminate and cease and this Warrant shall expire.

(iii) If this paragraph (f) applies, it shall supersede the application of paragraph (a), (b) or (c) of this Section 7.

(f) OTHER EVENTS If any event occurs as to which the provisions of this Section 7 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the board of directors of the Company, fairly and adequately protect the rights of the Holder in accordance with the essential intent and principles of such provisions, then such board of directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of such board of directors, to protect such rights as aforesaid, but in no event shall any such adjustment have the effect of decreasing the Exercise Rate or decreasing the number of Securities issuable upon exercise of this Warrant or increasing the Exercise Price per Security.

(g) COMPANY DETERMINATION FINAL. Any determination that the Company or the board of directors of the Company must make pursuant to this Section 7 shall be conclusive, absent manifest error.

(h) SPECIFICITY OF ADJUSTMENTS. Regardless of any adjustments in the number or kind of shares purchasable upon the exercise of this Warrant or the Exercise Price per Security, this Warrant may continue to express the same number and kind of Securities initially issuable pursuant to this Warrant and the initial Exercise Price per Security as set forth in the first paragraph hereof.

(i) VOLUNTARY ADJUSTMENT. The Company from time to time may increase the Exercise Rate and correspondingly decrease the Exercise Price per Security by any number and for any period of time; PROVIDED, HOWEVER, that such period is not less than 20 Business Days. Whenever the Exercise Rate is so increased and the Exercise Price per Security is so decreased, the Company shall mail to the Holder a notice thereof. The Company shall give the notice at least 10 days before the date the increased Exercise Rate and decreased Exercise Price per Security takes effect. The notice shall state the increased Exercise Rate and decreased Exercise Price per Security and the period it will be in effect. A voluntary increase in the Exercise Rate and decrease in the Exercise Price per Security shall not change or adjust the Exercise Rate or Exercise Price per Security otherwise in effect as determined by this Section 7.

(j) MULTIPLE ADJUSTMENTS. After an adjustment to the Exercise Rate and Exercise Price per Security for this Warrant under this Section 7, any subsequent event requiring an adjustment under this Section 7 shall cause an adjustment to the Exercise Rate and Exercise Price per Security for this Warrant as so adjusted.

(k) WHEN DE MINIMIS ADJUSTMENT MAY BE DEFERRED. No adjustment in the Exercise Rate or Exercise Price per Security shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Rate; PROVIDED, HOWEVER, that any adjustments which by reason of the foregoing are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations of the Exercise Rate shall be rounded to the nearest whole number. All calculations of the Exercise Price per Security shall be rounded to the nearest ten thousandth of one cent. No adjustments need be made for a change in the par value of the Common Stock and

no adjustments shall be deferred beyond the date on which this Warrant is exercised.

(l) Notwithstanding any adjustment to the Exercise Price called for by this Section 7, in no event will the Exercise Price per share of Common Stock be adjusted to an amount that is less than the par value per share of the Common Stock at the time of such adjustment, and if, but for the provisions of this Section 7(l), an adjustment to the Exercise Price would be required under this Section 7 that would result in an Exercise Price per share of Common Stock that is less than the par value per share of the Common Stock, then the Exercise Price shall be adjusted such that the Exercise Price per share of Common Stock equals the par value of the Common Stock.

(m) AMENDMENTS OF THE CERTIFICATE OF INCORPORATION. The Company shall not amend its Certificate of Incorporation to increase the par value of any Warrant Security such that such par value would exceed the Exercise Price per share of such Warrant Security.

8. NOTICES. Any notices or certificates by the Company to the Holder and by the Holder to the Company shall be deemed delivered if in writing and delivered personally or sent by certified mail or reputable overnight courier, to the Holder, addressed as set forth in the Instructions for Registration of Warrant delivered to the Company, which may be superseded from time to time upon notice to the Company, and, if to the Company, addressed to Designs, Inc., 66 B Street, Needham, Massachusetts, 02494, Attention: Chief Financial Officer. The Company may change its address by written notice to the Holder.

9. LIMITATIONS ON TRANSFERABILITY. This Warrant may be divided or combined, upon request to the Company by the Holder, into a certificate or certificates evidencing the same aggregate number of Warrants. This Warrant may not be offered, sold, transferred, pledged or hypothecated (i) in the absence of an effective registration statement as to this Warrant and such transaction filed under the Act, or an exception from the requirement of such registration, and compliance with the applicable federal and state securities laws, (ii) in an amount representing the right to purchase fewer than 140,000 shares of Common Stock, and (iii) with the consent of the Company, which consent shall not unreasonably be withheld. The Company may require an opinion of counsel satisfactory to the Company that such registration is not required and that such laws are complied with. The Company may treat the registered holder of this Warrant as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit the Holder or his duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Warrants.

10. TRANSFER TO COMPLY WITH THE SECURITIES ACT OF 1933. The Company may cause the following legend, or one similar thereto, to be set forth on this Warrant and on each certificate representing Warrant Securities, or any other security issued or issuable upon exercise of this Warrant, unless (a) the Company has received an opinion of counsel satisfactory to the Company as to any such certificate that such legend, or one similar thereto, is unnecessary or (b) a registration statement with respect to this Warrant and the Warrant Securities has become effective under the Act.

"THIS SECURITY HAS NOT BEEN REGISTERED FOR RESALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITY AND SUCH DISPOSITION FILED UNDER THE ACT, OR AN EXEMPTION FROM REGISTRATION, AND COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS. THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER HEREOF THAT SUCH REGISTRATION IS NOT REQUIRED AND THAT SUCH LAWS ARE COMPLIED WITH."

11. APPLICABLE LAW. This Warrant shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to conflict of law principles.

12. AMENDMENTS. This Warrant may not be amended except in a writing signed by the Holder and the Company.

13. SEVERABILITY. If any provisions of this Warrant shall be held to be invalid or unenforceable, such invalidity or enforceability shall not affect any other provision of this Warrant.

14. CERTAIN DEFINITIONS. In addition to the capitalized terms defined elsewhere in this Warrant, the following capitalized terms shall have the meanings set forth below.

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

"AFFILIATE" of a person shall mean a person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person. The term "control" means the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

"CONVERTIBLE SECURITY" shall mean any security convertible into or exchangeable or exercisable for Common Stock, including but not limited to, rights, options or warrants entitling the holder thereof to acquire Common Stock or any security convertible into or exchangeable for Common Stock.

"CURRENT MARKET VALUE" per share of Common Stock of the Company at any date shall mean:

(1) if Common Stock is not then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System,

(a) the value of such Common Stock, determined in good faith by the board of directors of the Company and certified in a board resolution, taking into account the most recently completed arms-length transaction between the Company and a person other than an Affiliate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or

(b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally recognized investment bank; PROVIDED, HOWEVER, that, in the case of the calculation of Current Market Value for determining the cash value of fractional shares, no such determination by an investment

bank shall be required and the good faith judgment of the board of directors as to such value shall be conclusive, or

(2) (a) if Common Stock is then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the average of the daily closing sales prices of such Common Stock for the 20 consecutive trading days immediately preceding such date, or

(b) if Common Stock has been registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System for less than 20 consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available,

in the case of each of (2)(a) and (2)(b), as certified by the Chief Executive Officer, the President, any Executive Vice President or the Chief Financial Officer or Treasurer of the Company. The closing sales price of each such trading day shall be the closing sales price, regular way, on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"GAAP" shall mean generally accepted accounting principles in the United States as in effect on April 26, 2002.

"ISSUE DATE" shall mean _____, 2002.

"PERMITTED CASH DIVIDEND" shall mean any cash dividend in respect of Common Stock that, together with all such dividends (other than dividends with respect to which an adjustment has been made pursuant to Section 7(c)(i) or a dividend which was also paid on a pro rata basis to the Holder as contemplated by Section 7(c)(ii)) declared in respect of Common Stock during the previous twelve months, on a per share basis, does not exceed 10% of the average closing sales prices per share of the Common Stock for each trading day during such twelve month period.

"PRIOR DAY MARKET VALUE" per share of Common Stock of the Company at

any date shall mean:

(1) if Common Stock is not then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the Current Market Value per share of Common Stock, or

(2) if Common Stock is then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the closing sales price of Common Stock for the trading day ending immediately prior to the event causing the Prior Day Market Value to be determined.

"TIME OF DETERMINATION" shall mean (i) in the case of any distribution of securities or other property to existing shareholders to which Section 7(b) or (c) applies, the time and date of the determination of shareholders entitled to receive such securities or property or (ii) in the case of any other issuance and sale to which Section 7(b) or 7(c) applies, the time and date of such issuance or sale.

15. REGISTRATION RIGHTS. In the event that the Holder gives notice to the Company in accordance with Section 8 hereof of its irrevocable election to exercise this Warrant and other warrants of the same series as this Warrant held by such Holder to the extent of at least 280,000 shares of Common Stock and requests that such shares issuable upon such exercise be registered under the Act, the Company undertakes to prepare and cause to be filed with the Securities and Exchange Commission within 30 days thereafter (provided the Company is then eligible to effect such registration on Form S-3 or any successor form) a registration statement under the Act relating to resales of such Common Stock by the Holder, and shall use commercially reasonable efforts to cause such registration statement to be declared effective within 45 days after such filing and to keep such registration statement effective for 90 days or until such earlier time as such Common Stock issued upon exercise has been sold by the Holder pursuant thereto; PROVIDED, HOWEVER, that the Holder shall be bound (and if requested by the Company shall confirm in writing that it is so bound) by reasonable and customary terms for the provision of information by the Holder, the suspension of sales in the event of material developments regarding the Company, delays in registration in the event of any offering of securities for the account of the Company, and other matters, all on substantially the same terms as may be applicable in one or more cases to holders of other securities of the Company having similar rights to request registration under the Act.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

16. EFFECTIVENESS, ETC. Notwithstanding any other provision hereof, (i) this Warrant shall not become exercisable unless and until the Company consummates the Casual Male Acquisition as defined in the Note Agreement between the Company and certain purchasers of the Company's 12% Senior Subordinated Notes due 2007 (the "Note Agreement"), and (ii) this Warrant shall automatically be rescinded, cancelled and of no further force and effect upon the occurrence of a Mandatory Redemption Event (as defined in the Note Agreement). Capitalized terms used, but not defined, in this Warrant shall have the respective meanings ascribed to them in the Note Agreement unless the context otherwise requires.

DESIGNS, INC.

By:

Name: David A. Levin
Title: President

Date: _____, 2002

Attest:

By:

Name: Dennis R. Hernreich
Title: Chief Financial Officer

PURCHASE FORM

Dated _____, 20__

The undersigned hereby irrevocably elects to exercise this Warrant to the extent _____ of shares of Common Stock.

The undersigned has concurrently herewith made payment of $ in payment of the aggregate Exercise Price.

If the issuance of the Warrant Securities is not registered under the Securities Act of 1933, as amended, the undersigned makes the representation and warranty set forth in Section 1 of this Warrant.

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name

(please typewrite or print in block letters)

Address

Signature

ASSIGNMENT FORM

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto

Name

(please typewrite or print in block letters)

Address _____ the right to purchase shares of Common Stock as represented by this Warrant to the extent of shares of Common Stock as to which such right is exercisable and does hereby irrevocably constitute and appoint, _____ attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

Signature

Dated: _____ 20____

INSTRUCTIONS FOR REGISTRATION OF WARRANT

Name

(please typewrite or print in block letters)

Address

Signature

EXHIBIT 10.6

FORM OF
WARRANT TO PURCHASE
COMMON STOCK

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED FOR RESALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES AND SUCH DISPOSITION FILED UNDER THE ACT, OR AN EXEMPTION FROM REGISTRATION, AND COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS. THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER HEREOF THAT SUCH REGISTRATION IS NOT REQUIRED AND THAT SUCH LAWS ARE COMPLIED WITH.

Void After 5:00 p.m., Eastern Time, on April 26, 2007 No. ____

Warrant to Purchase
_____ shares of
Common Stock, par value $.01 per share
of
DESIGNS, INC.

This is to Certify That, FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, _____ (the "HOLDER") is entitled to purchase, subject to the provisions of this Warrant, from Designs, Inc. ("COMPANY"), a Delaware corporation, at any time prior to 5:00 p.m., Eastern Time, on April 26, 2007, a total of _____ shares of Common Stock, par value $.01 per share, of the Company ("SECURITIES") at an initial purchase price of $0.01 per share. The number of Securities to be received upon the exercise of this Warrant and the price to be paid for the Securities may be adjusted from time to time as hereinafter set forth. The number of Securities to be received upon the exercise of this Warrant in effect at any time and as adjusted from time to time is hereinafter sometimes referred to as the "EXERCISE RATE" and the purchase price per Security in effect at any time and as adjusted from time to time, and subject to the minimum purchase price set forth in Section 7(l), is hereinafter sometimes referred to as the "EXERCISE PRICE" per Security. This Warrant is or may be one of a series of Warrants identical in form issued by the Company to purchase an aggregate of 2,891,471 shares of Common Stock. The Securities, as adjusted from time to time, together with any other Securities issuable upon exercise of this Warrant are hereinafter sometimes referred to as "WARRANT SECURITIES". Certain capitalized terms used in this Warrant are defined in Section 14 hereof.

1. EXERCISE OF WARRANT. This Warrant may be exercised at the option of the Holder in whole or in part at any time or from time to time beginning at such time as the Company has obtained the requisite stockholder approval required by Nasdaq for the issuance of such shares of Common Stock (the "Stockholder Approval"), but prior to 5:00 p.m., Eastern Time on April 26, 2007, or if April 26, 2007, is a Saturday, Sunday or a day on which banking institutions in New York, New York are authorized by law to close, then on the next succeeding day (a "BUSINESS DAY") which shall not be such a day, by presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, with the Purchase Form annexed hereto duly executed, and accompanied by payment of the Exercise Price, for the number of Securities specified in such Form, together with all federal and state taxes applicable upon such exercise. If, upon exercise of this Warrant,

the Warrant Securities issuable upon exercise of this Warrant are not then registered under the Act pursuant to an effective registration statement thereunder, the Holder shall be deemed to have represented and warranted to the Company that such Holder (x) is a "qualified institutional buyer" as defined in Rule 144A under the Act or and "accredited investor" as defined in Rule 501 under the Act, in either case with such knowledge and experience in financial and business matters as is necessary to evaluate the merits and risks of an investment in the Warrant Securities, and (y) such Holder is not acquiring the Warrant Securities with a view to any distribution thereof or with any intention of offering or selling any Warrant Securities in a transaction that would violate the Act or the securities laws of any state of the United States. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the right of the Holder to purchase the balance of the Securities purchasable hereunder. Upon receipt by the Company of this Warrant at the office of the Company or at the office of the Company's stock transfer agent, in proper form for exercise and accompanied by the Exercise Price, if and as applicable, the Holder shall be deemed to be the holder of record of the Securities issuable upon such exercise, notwithstanding that the stock transfer books of the Company

shall then be closed or that certificates representing such Securities shall not then be actually delivered to the Holder. It is understood and agreed that this Warrant shall not be exercisable until Stockholder Approval is obtained.

2. RESERVATION OF SECURITIES. The Company hereby agrees that at all times there shall be reserved for issuance and/or delivery upon exercise of this Warrant such number of shares of Securities as shall be required for issuance or delivery upon exercise of this Warrant. The Company covenants and agrees that, upon exercise of this Warrant and payment of the Exercise Price therefor, if and as applicable, all Securities and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Warrant shall be outstanding, the Company shall use its best efforts to cause all Securities issuable upon the exercise of this Warrant to be listed (subject to official notice of issuance) on all securities exchanges or quotation systems on which its Common Stock issued may then be listed and/or quoted.

3. FRACTIONAL SHARES. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the Prior Day Market Value of such fractional share.

4. LOSS OF WARRANT. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered shall constitute an additional contractual obligation on the part of the Company, whether or not the Warrant so lost, stolen, destroyed, or mutilated shall be at any time enforceable by anyone.

5. RIGHTS OF THE HOLDER. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and the registration rights agreement referred to in Section 15 hereof.

6. CERTAIN NOTICES TO WARRANT HOLDERS. The Company shall give prompt written notice to the Holder of any determination to make a distribution to the holders of its Common Stock of any cash dividends, assets, debt securities, preferred stock, or any rights or warrants to purchase debt securities, preferred stock, assets or other securities (other than Common Stock, or rights, options, or warrants to purchase Common Stock) of the Company, which notice shall state the nature and amount of such planned dividend or distribution and the record date therefor, and shall be received by the Holder or sent to the Holder by reputable overnight

courier, in either case to its address as provided in Section 8, at least 10 days prior to such record date therefor. The Company shall provide notice to the Holder that any tender offer is being made for securities of the same class as any Warrant Securities no later than the first Business Day after the day the Company becomes aware of any such tender offer. Notwithstanding any notice provided to the Holder pursuant to this Section 6, the Holder shall be entitled to any and all applicable adjustments to the Exercise Rate and the Exercise Price per Security as provided in Section 7 arising out of any event requiring notice to the Holder in this Section 6.

7. ADJUSTMENT OF EXERCISE RATE AND EXERCISE PRICE.

The Exercise Rate and the Exercise Price are subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 7. The Exercise Rate shall initially be the number of Securities for which this Warrant is initially exercisable as set forth in the introductory paragraph to this Warrant. In the event that this Warrant is transferred or exercised in part, the initial Exercise Rate of the portion not exercised or transferred shall be adjusted proportionately as shall the initial Exercise Rate of any partial transfer of this Warrant. For the purposes of Sections 7(a) and 7(b), (i) shares of Common Stock issuable upon the exercise of this Warrant and all other warrants of the same series as this Warrant shall be deemed to be outstanding and (ii) all shares of Common Stock that would be deemed to be outstanding as of the date of determination in respect of Convertible Securities, as determined in accordance with GAAP, shall be deemed to be outstanding.

(a) ADJUSTMENT FOR CHANGE IN CAPITAL STOCK. If, after the Issue Date, the Company:

(i) pays a dividend or makes a distribution on shares of its Common

Stock payable in shares of its Common Stock (except to the extent any such dividend results in the grant, issuance, sale or making of Distribution Rights or Distributions (each as defined in Section 7(c)) to the Holder pursuant to Section 7(c));

(ii) subdivides or splits its outstanding shares of Common Stock into a greater number of shares; or

(iii) combines its outstanding shares of Common Stock into a smaller number of shares;

then (1) the Exercise Rate in effect immediately prior to such action for this Warrant shall be adjusted by multiplying the Exercise Rate in effect immediately prior to such action by a fraction (A) the numerator of which shall be the number of shares of Common Stock outstanding immediately after such action and (B) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such action or the record date applicable to such action, if any and (2) the Exercise Price per Security in effect immediately prior to such action shall be adjusted by multiplying the Exercise Price per Security in effect immediately prior to such action by a fraction (A) the numerator of which is one and (B) the denominator of which shall be the fraction calculated in clause (1) of the above formula. The adjustments shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision or combination. In the event that such dividend or distribution is not so paid or made or such subdivision, combination or reclassification is not effected, the Exercise Rate and the Exercise price per Security shall again be adjusted to be the Exercise Rate and the Exercise Price per Security which would then be in effect if such record date or effective date had not been so fixed.

(b) ADJUSTMENT FOR CERTAIN SALES OF COMMON STOCK BELOW CURRENT MARKET VALUE. If, after the Issue Date, the Company (i) grants or sells to any Affiliate of the Company (other than a wholly owned subsidiary of the Company) or (ii) grants, sells or offers to grant or sell to all holders of Common Stock, any shares of Common Stock or Convertible Securities (other than, in the case of each of clauses (i) and (ii),

(1) pursuant to any Convertible Security or other right outstanding as of the Issue Date or issuable in connection with the Transactions and financing therefor and the fees and expenses thereof, or (2) upon the conversion, exchange or exercise of any Convertible Security or other right as to which upon the issuance thereof an adjustment pursuant to this Section 7 has been made), at a price below the then Current Market Value, the Exercise Rate and the Exercise price per Security for this Warrant shall be adjusted in accordance with the formulae:

$$E(1) = \frac{E \times (O+N)}{(O + (N \times P/M))} \qquad \$(1) = \frac{\$ \times (O + N \times P/M)}{(O + N)}$$

where:

E(1) = the adjusted Exercise Rate for this Warrant;

E = the then current Exercise Rate for this Warrant;

$(1) = the adjusted Exercise Price per Security for this Warrant;

$ = the then current Exercise Price per Security for this Warrant;

O = the number of shares of Common Stock outstanding immediately prior to the sale of such Common Stock or issuance of Convertible Securities;

N = the number of shares of Common Stock so sold or the maximum stated number of shares of Common Stock issuable upon the conversion, exchange or exercise of any such Convertible Securities;

P = the proceeds per share of Common Stock received by the Company, which (i) in the case of shares of Common Stock is the amount received by the Company in consideration for the sale and issuance of such shares; and (ii) in the case of Convertible Securities is the amount received by the Company in consideration for the sale and issuance of such Convertible Securities, plus the minimum aggregate

amount of additional consideration, other than the surrender of such Convertible Securities, payable to the Company upon exercise, conversion or exchange thereof; and

M = the Current Market Value as of the Time of Determination or at the time of sale, as the case may be, of a share of Common Stock.

The adjustments shall become effective immediately after the record date for the determination of shareholders entitled to receive the rights, warrants or options to which this paragraph (b) applies or upon consummation of the sale of Common Stock, as the case may be. To the extent that shares of Common Stock are not delivered after the expiration of such rights, warrants or options or exercise, conversion or exchange rights in respect to such Convertible Securities, the Exercise Rate and the Exercise Price per Security for this Warrant shall be readjusted to the Exercise Rate and the Exercise Price per Security which would otherwise be in effect had the adjustment made upon the issuance of such rights, warrants or options or Convertible Securities been made on the basis of delivery of only the number of shares of Common Stock actually delivered. In the event that such rights or warrants are not so issued, the Exercise Rate and the Exercise Price per Security for this Warrant shall again be adjusted to be the Exercise Rate and the Exercise Price per Security which would then be in

effect if such date fixed for determination of shareholders entitled to receive such rights, warrants or options had not been so fixed.

No adjustments shall be made under this paragraph (b) if the application of the formula stated above in this paragraph (b) would result in a value of E(1) that is lower than the value of E.

No adjustments shall be made under this paragraph (b) for any adjustments which are the subject of paragraphs (a), (c) or (e) of this Section 7.

Anything in this Warrant to the contrary notwithstanding, an event which would otherwise give rise to adjustments pursuant to this Section 7(b) shall not give rise to such adjustments if the Company grants, sells or offers to sell shares of Common Stock or Convertible Securities, in each case on the same terms as the underlying event, to the Holder on a PRO RATA basis, assuming for the purpose of this Section 7(b) that all warrants of the same series as this Warrant had been exercised.

Notwithstanding the foregoing, no adjustment in the Exercise Rate or the Exercise Price per Security will be required in respect of: (a) the grant of any stock option or other stock incentive award pursuant to any present stock option or stock incentive plan or arrangement or pursuant to any other customary compensatory stock option or stock incentive plan for employees, officer and/or directors, (b) the grant of any stock option or stock incentive award at an exercise price at least equal to the then Prior Day Market Value or (c) the exercise of any stock option or stock incentive award or similar award or right.

(c) ADJUSTMENT UPON CERTAIN DISTRIBUTIONS.

(i) If at any time after the Issue Date the Company grants, issues or sells options, any Convertible Security, or rights to purchase capital stock or other securities (other than Common Stock) PRO RATA to the record holders or series of Common Stock ("DISTRIBUTION RIGHTS") or, without duplication, makes any distribution (other than a distribution pursuant to a plan of liquidation) other than a Permitted Cash Dividend (a "DISTRIBUTION") on shares of Common Stock (whether in cash, property, evidences of indebtedness, or otherwise), then the Exercise Rate and the Exercise Price per Security shall be adjusted in accordance with the formulae:

$$E(1) = E \times (M/(M-F)) \qquad \$(1) = \$ \times ((M-F)/M)$$

where:

E(1) = the adjusted Exercise Rate;

E = the current Exercise Rate for this Warrant;

$(1) = the adjusted Exercise Price per Security for this Warrant;

$ = the current Exercise Price per Security for this Warrant;

M = the Current Market Value per share of Common Stock at the Time of Determination;

F = the fair market value at the Time of Determination of such portion of the options, Convertible Securities, capital stock or other securities, cash, property or assets distri-

butable pursuant to such Distribution Rights or Distribution per share of outstanding Common Stock.

The adjustments shall become effective immediately after the Time of Determination with respect to the shareholders entitled to receive the options, Convertible Securities, warrants, cash, property, evidences of indebtedness or other securities or assets to which this paragraph (c)(i) applies. No adjustments shall be made under this paragraph (c) if the application of the formula stated above in this paragraph (c)(i) would result in a value of E(1) that is lower than the value of E. This paragraph (c)(i) does not apply to any securities which result in adjustments pursuant to paragraphs (a) or (b) of this Section 7.

(ii) Anything in this Warrant to the contrary notwithstanding, an event which would otherwise give rise to adjustments pursuant to Section 7(c)(i) shall not give rise to such adjustments (or to adjustments pursuant to any other provision of this Section 7) if the Company grants, issues or sells Distribution Rights to the Holder or includes the Holder in such Distribution, in each case on a PRO RATA basis, assuming for the purpose of this Section 7(c)(ii) that all warrants of the same series as this Warrant had been exercised.

(iii) Notwithstanding anything to the contrary set forth in this Section 7(c), if, at any time, the Company makes any distribution pursuant to any plan of liquidation (a "LIQUIDATING DISTRIBUTION") on shares of Common Stock (whether in cash, property, evidences of indebtedness or otherwise), then, subject to applicable law, the Company shall make to the Holder the aggregate Liquidating Distribution which the Holder would have acquired if the Holder had held the maximum number of shares of Common Stock acquirable upon the complete exercise of this Warrant immediately before the Time of Determination of shareholders entitled to receive Liquidating Distributions.

(d) NOTICE OF ADJUSTMENTS. Whenever the Exercise Rate and Exercise Price per Security are adjusted, the Company shall promptly mail to the Holder a notice of the adjustments. The Company shall also provide the Holder with a certificate from the Company's independent public accountants briefly stating the facts requiring the adjustments and the manner of computing it. The certificate shall be conclusive evidence that the adjustments are correct, absent manifest error.

(e) REORGANIZATION OF COMPANY; FUNDAMENTAL TRANSACTION.

(i) If (x) the Company shall reclassify its Common Stock (other than a change in par value, or from par value to no par value, or a subdivision or combination thereof), or (y) the Company, in a single transaction or through a series of related transactions, consolidates with or merges with or into any other person or sells, assigns, transfers, leases, conveys or otherwise disposes of all or substantially all of its properties and assets to another person or group of affiliated persons or is a party to a merger or binding share exchange which, in the case of any of the transactions referred to in this clause (y), reclassifies or changes its outstanding Common Stock (each of (x) and (y) above being referred to as a "FUNDAMENTAL TRANSACTION"), as a condition to consummating any such Fundamental Transaction, the Company, in the case of any such reclassification referred to in clause (x), or the person formed by or surviving any such consolidation or merger if other than the Company or the person to whom such transfer has been made in the case of clause (y) above (the "SURVIVING PERSON"), shall enter into a supplemental warrant agreement. The supplemental warrant agreement shall provide (a) that the Holder may exercise this Warrant for the kind and amount of securities, cash or other assets which the Holder would have received immediately after the Fundamental Transaction if the Holder had exercised this Warrant immediately before the effective date of the transaction, assuming (to the extent applicable) that the Holder (i) was not a constituent person or an affiliate of a constituent person to any transaction de-

scribed in clause (y) above, (ii) made no election with respect to any transaction described in clause (y) above, and (b) in the case of any transaction described in clause (y) above, that the Surviving Person shall succeed to and be substituted to every right and obligation of the Company in respect of this Warrant. The supplemental warrant agreement shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. The Surviving Person or the Company, as applicable, shall mail to the Holder a notice briefly describing the supplemental warrant agreement. If the issuer of securities deliverable upon exercise of this Warrant is an affiliate of a Surviving Person, that issuer shall join in the supplemental warrant agreement.

(ii) Notwithstanding the foregoing, if a Fundamental Transaction shall occur and, upon consummation of such Fundamental Transaction, consideration is payable to holders of shares of Common Stock which consideration consists solely of cash, assuming (to the extent applicable) that the Holder (i) was not a constituent person or an affiliate of a constituent person to a transaction described in Section 7(e)(i)(y) above and (ii) made no election with respect thereto, then the Holder shall be entitled to receive distributions upon consummation of such Fundamental Transaction on an equal basis with holders of Common Stock as if this Warrant had been exercised immediately prior to such event, less the aggregate Exercise Price therefor; PROVIDED that the Company or the Surviving Person, as the case may be, may require the surrender of this Warrant to such person prior to making any such distribution to the Holder. Upon receipt of such payment, if any, the rights of the Holder shall terminate and cease and this Warrant shall expire.

(iii) If this paragraph (f) applies, it shall supersede the application of paragraph (a), (b) or (c) of this Section 7.

(f) OTHER EVENTS If any event occurs as to which the provisions of this Section 7 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the board of directors of the Company, fairly and adequately protect the rights of the Holder in accordance with the essential intent and principles of such provisions, then such board of directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of such board of directors, to protect such rights as aforesaid, but in no event shall any such adjustment have the effect of decreasing the Exercise Rate or decreasing the number of Securities issuable upon exercise of this Warrant or increasing the Exercise Price per Security.

(g) COMPANY DETERMINATION FINAL. Any determination that the Company or the board of directors of the Company must make pursuant to this Section 7 shall be conclusive, absent manifest error.

(h) SPECIFICITY OF ADJUSTMENTS. Regardless of any adjustments in the number or kind of shares purchasable upon the exercise of this Warrant or the Exercise Price per Security, this Warrant may continue to express the same number and kind of Securities initially issuable pursuant to this Warrant and the initial Exercise Price per Security as set forth in the first paragraph hereof.

(i) VOLUNTARY ADJUSTMENT. The Company from time to time may increase the Exercise Rate and correspondingly decrease the Exercise Price per Security by any number and for any period of time; PROVIDED, HOWEVER, that such period is not less than 20 Business Days. Whenever the Exercise Rate is so increased and the Exercise Price per Security is so decreased, the Company shall mail to the Holder a notice thereof. The Company shall give the notice at least 10 days before the date the increased Exercise Rate and decreased Exercise Price per Security takes effect. The notice shall state the increased Exercise Rate and decreased Exercise Price per Security and the period it will be in effect. A voluntary increase in the Exercise Rate and

decrease in the Exercise Price per Security shall not change or adjust the Exercise Rate or Exercise Price per Security otherwise in effect as determined by this Section 7.

(j) MULTIPLE ADJUSTMENTS. After an adjustment to the Exercise Rate and Exercise Price per Security for this Warrant under this Section 7, any subsequent event requiring an adjustment under this Section 7 shall cause an adjustment to the Exercise Rate and Exercise Price per Security for this Warrant as so adjusted.

(k) WHEN DE MINIMIS ADJUSTMENT MAY BE DEFERRED. No adjustment in the

Exercise Rate or Exercise Price per Security shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Rate; PROVIDED, HOWEVER, that any adjustments which by reason of the foregoing are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations of the Exercise Rate shall be rounded to the nearest whole number. All calculations of the Exercise Price per Security shall be rounded to the nearest ten thousandth of one cent. No adjustments need be made for a change in the par value of the Common Stock and no adjustments shall be deferred beyond the date on which this Warrant is exercised.

(l) Notwithstanding any adjustment to the Exercise Price called for by this Section 7, in no event will the Exercise Price per share of Common Stock be adjusted to an amount that is less than the par value per share of the Common Stock at the time of such adjustment, and if, but for the provisions of this Section 7(l), an adjustment to the Exercise Price would be required under this Section 7 that would result in an Exercise Price per share of Common Stock that is less than the par value per share of the Common Stock, then the Exercise Price shall be adjusted such that the Exercise Price per share of Common Stock equals the par value of the Common Stock.

(m) AMENDMENTS OF THE CERTIFICATE OF INCORPORATION. The Company shall not amend its Certificate of Incorporation to increase the par value of any Warrant Security such that such par value would exceed the Exercise Price per share of such Warrant Security.

8. NOTICES. Any notices or certificates by the Company to the Holder and by the Holder to the Company shall be deemed delivered if in writing and delivered personally or sent by certified mail or reputable overnight courier, to the Holder, addressed as set forth in the Instructions for Registration of Warrant delivered to the Company, which may be superseded from time to time upon notice to the Company, and, if to the Company, addressed to Designs, Inc., 66 B Street, Needham, Massachusetts, 02494, Attention: Chief Financial Officer. The Company may change its address by written notice to the Holder.

9. LIMITATIONS ON TRANSFERABILITY. This Warrant may be divided or combined, upon request to the Company by the Holder, into a certificate or certificates evidencing the same aggregate number of Warrants. This Warrant may not be offered, sold, transferred, pledged or hypothecated (i) in the absence of an effective registration statement as to this Warrant and such transaction filed under the Act, or an exception from the requirement of such registration, and compliance with the applicable federal and state securities laws, (ii) in an amount representing the right to purchase fewer than 140,000 shares of Common Stock, and (iii) with the consent of the Company, which consent shall not unreasonably be withheld. The Company may require an opinion of counsel satisfactory to the Company that such registration is not required and that such laws are complied with. The Company may treat the registered holder of this Warrant as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit the Holder or his duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Warrants.

10. TRANSFER TO COMPLY WITH THE SECURITIES ACT OF 1933. The Company may cause the following legend, or one similar thereto, to be set forth on this Warrant and on each certificate representing Warrant Securities, or any other security issued or issuable upon exercise of this Warrant, unless (a) the Company has received an opinion of counsel satisfactory to the Company as to any such certificate that such legend, or one similar thereto, is unnecessary or (b) a registration statement with respect to this Warrant and the Warrant Securities has become effective under the Act.

> "THIS SECURITY HAS NOT BEEN REGISTERED FOR RESALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITY AND SUCH DISPOSITION FILED UNDER THE ACT, OR AN EXEMPTION FROM REGISTRATION, AND COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS. THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER HEREOF THAT SUCH REGISTRATION IS NOT REQUIRED AND THAT SUCH LAWS ARE COMPLIED WITH."

11. APPLICABLE LAW. This Warrant shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to conflict of law principles.

12. AMENDMENTS. This Warrant may not be amended except in a writing signed by the Holder and the Company.

13. SEVERABILITY. If any provisions of this Warrant shall be held to be invalid or unenforceable, such invalidity or enforceability shall not affect any other provision of this Warrant.

14. CERTAIN DEFINITIONS. In addition to the capitalized terms defined elsewhere in this Warrant, the following capitalized terms shall have the meanings set forth below.

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

"AFFILIATE" of a person shall mean a person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person. The term "control" means the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

"CONVERTIBLE SECURITY" shall mean any security convertible into or exchangeable or exercisable for Common Stock, including but not limited to, rights, options or warrants entitling the holder thereof to acquire Common Stock or any security convertible into or exchangeable for Common Stock.

"CURRENT MARKET VALUE" per share of Common Stock of the Company at any date shall mean:

(1) if Common Stock is not then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System,

(a) the value of such Common Stock, determined in good faith by the board of directors of the Company and certified in a board resolution, taking into account the most recently completed arms-length transaction between the Company and a person other than an Af-

filiate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or

(b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally recognized investment bank; PROVIDED, HOWEVER, that, in the case of the calculation of Current Market Value for determining the cash value of fractional shares, no such determination by an investment bank shall be required and the good faith judgment of the board of directors as to such value shall be conclusive, or

(2) (a) if Common Stock is then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the average of the daily closing sales prices of such Common Stock for the 20 consecutive trading days immediately preceding such date, or

(b) if Common Stock has been registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System for less than 20 consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available,

in the case of each of (2)(a) and (2)(b), as certified by the Chief Executive Officer, the President, any Executive Vice President or the Chief Financial Officer or Treasurer of the Company. The closing sales price of each such trading day shall be the closing sales price, regular way, on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"GAAP" shall mean generally accepted accounting principles in the United States as in effect on April 26, 2002.

"ISSUE DATE" shall mean _____, 2002.

"PERMITTED CASH DIVIDEND" shall mean any cash dividend in respect of Common Stock that, together with all such dividends (other than dividends with respect to which an adjustment has been made pursuant to Section 7(c)(i) or a

dividend which was also paid on a pro rata basis to the Holder as contemplated by Section 7(c)(ii)) declared in respect of Common Stock during the previous twelve months, on a per share basis, does not exceed 10% of the average closing sales prices per share of the Common Stock for each trading day during such twelve month period.

"PRIOR DAY MARKET VALUE" per share of Common Stock of the Company at any date shall mean:

(1) if Common Stock is not then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the Current Market Value per share of Common Stock, or

(2) if Common Stock is then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the closing sales price of Common Stock

for the trading day ending immediately prior to the event causing the Prior Day Market Value to be determined.

"TIME OF DETERMINATION" shall mean (i) in the case of any distribution of securities or other property to existing shareholders to which Section 7(b) or (c) applies, the time and date of the determination of shareholders entitled to receive such securities or property or (ii) in the case of any other issuance and sale to which Section 7(b) or 7(c) applies, the time and date of such issuance or sale.

15. REGISTRATION RIGHTS. In the event that the Holder gives notice to the Company in accordance with Section 8 hereof of its irrevocable election to exercise this Warrant and other warrants of the same series as this Warrant held by such Holder to the extent of at least 280,000 shares of Common Stock and requests that such shares issuable upon such exercise be registered under the Act, the Company undertakes to prepare and cause to be filed with the Securities and Exchange Commission within 30 days thereafter (provided the Company is then eligible to effect such registration on Form S-3 or any successor form) a registration statement under the Act relating to resales of such Common Stock by the Holder, and shall use commercially reasonable efforts to cause such registration statement to be declared effective within 45 days after such filing and to keep such registration statement effective for 90 days or until such earlier time as such Common Stock issued upon exercise has been sold by the Holder pursuant thereto; PROVIDED, HOWEVER, that the Holder shall be bound (and if requested by the Company shall confirm in writing that it is so bound) by reasonable and customary terms for the provision of information by the Holder, the suspension of sales in the event of material developments regarding the Company, delays in registration in the event of any offering of securities for the account of the Company, and other matters, all on substantially the same terms as may be applicable in one or more cases to holders of other securities of the Company having similar rights to request registration under the Act.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

16. EFFECTIVENESS, ETC. Notwithstanding any other provision hereof, (i) this Warrant shall not become exercisable unless and until the Company consummates the Casual Male Acquisition as defined in the Note Agreement between the Company and certain purchasers of the Company's 12% Senior Subordinated Notes due 2007 (the "Note Agreement"), and (ii) this Warrant shall automatically be rescinded, cancelled and of no further force and effect upon the occurrence of a Mandatory Redemption Event (as defined in the Note Agreement). Capitalized terms used, but not defined, in this Warrant shall have the respective meanings ascribed to them in the Note Agreement unless the context otherwise requires.

DESIGNS, INC.

By:

Name: David A. Levin
Title: President

Date: _____, 2002

Attest:

By:

Name: Dennis R. Hernreich
Title: Chief Financial Officer

PURCHASE FORM

Dated _____, 20__

The undersigned hereby irrevocably elects to exercise this Warrant to the extent of _____ shares of Common Stock.

The undersigned has concurrently herewith made payment of $ in payment of the aggregate Exercise Price.

If the issuance of the Warrant Securities is not registered under the Securities Act of 1933, as amended, the undersigned makes the representation and warranty set forth in Section 1 of this Warrant.

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name

(please typewrite or print in block letters)

Address

Signature

ASSIGNMENT FORM

FOR VALUE RECEIVED,
---
hereby sells, assigns and transfers unto

Name

(please typewrite or print in block letters)

Address
---
the right to purchase shares of Common Stock as represented by this Warrant to the extent of shares of Common Stock as to which such right is exercisable and does hereby irrevocably constitute and appoint, _____ attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

Signature

Dated: _____ 20 ____

INSTRUCTIONS FOR REGISTRATION OF WARRANT

Name

(please typewrite or print in block letters)

Address

Signature

EXHIBIT 10.7

FORM OF
WARRANT TO PURCHASE
COMMON STOCK

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED FOR RESALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES AND SUCH DISPOSITION FILED UNDER THE ACT, OR AN EXEMPTION FROM REGISTRATION, AND COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS. THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER HEREOF THAT SUCH REGISTRATION IS NOT REQUIRED AND THAT SUCH LAWS ARE COMPLIED WITH.

Void After 5:00 p.m., Eastern Time, on April 26, 2007 No. ____

Warrant to Purchase
_____ shares of
Common Stock, par value $.01 per share
of
DESIGNS, INC.

This is to Certify That, FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, _____ (the "HOLDER") is entitled to purchase, subject to the provisions of this Warrant, from Designs, Inc. ("COMPANY"), a Delaware corporation, at any time prior to 5:00 p.m., Eastern Time, on April 26, 2007, a total of _____ shares of Common Stock, par value $.01 per share, of the Company ("SECURITIES") at an initial purchase price of $8.50 (EIGHT DOLLARS AND FIFTY CENTS) per share. The number of Securities to be received upon the exercise of this Warrant and the price to be paid for the Securities may be adjusted from time to time as hereinafter set forth. The number of Securities to be received upon the exercise of this Warrant in effect at any time and as adjusted from time to time is hereinafter sometimes referred to as the "EXERCISE RATE" and the purchase price per Security in effect at any time and as adjusted from time to time, and subject to the minimum purchase price set forth in Section 7(l), is hereinafter sometimes referred to as the "EXERCISE PRICE" per Security. This Warrant is or may be one of a series of Warrants identical in form issued by the Company to purchase an aggregate of 2,891,471 shares of Common Stock. The Securities, as adjusted from time to time, together with any other Securities issuable upon exercise of this Warrant are hereinafter sometimes referred to as "WARRANT SECURITIES". Certain capitalized terms used in this Warrant are defined in Section 14 hereof.

1. EXERCISE OF WARRANT. This Warrant may be exercised at the option of the Holder in whole or in part at any time or from time to time beginning at such time as the Company has obtained the requisite stockholder approval required by Nasdaq for the issuance of such shares of Common Stock (the "Stockholder Approval"), but prior to 5:00 p.m., Eastern Time on April 26, 2007, or if April 26, 2007, is a Saturday, Sunday or a day on which banking institutions in New York, New York are authorized by law to close, then on the next succeeding day (a "BUSINESS DAY") which shall not be such a day, by presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, with the Purchase Form annexed hereto duly executed, and accompanied by payment of the Exercise Price, for the number of Securities specified in such Form, together with all federal and state taxes applicable upon such exercise. If, upon exercise of this Warrant,

the Warrant Securities issuable upon exercise of this Warrant are not then registered under the Act pursuant to an effective registration statement thereunder, the Holder shall be deemed to have represented and warranted to the Company that such Holder (x) is a "qualified institutional buyer" as defined in Rule 144A under the Act or and "accredited investor" as defined in Rule 501 under the Act, in either case with such knowledge and experience in financial and business matters as is necessary to evaluate the merits and risks of an investment in the Warrant Securities, and (y) such Holder is not acquiring the Warrant Securities with a view to any distribution thereof or with any intention of offering or selling any Warrant Securities in a transaction that would violate the Act or the securities laws of any state of the United States. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the right of the Holder to purchase the balance of the Securities purchasable hereunder. Upon receipt by the Company of this Warrant at the office of the Company or at the office of the Company's stock transfer agent, in proper form for exercise and accompanied by the Exercise Price, if and as applicable, the Holder shall be deemed to be the holder of record of the Securities issuable

upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Securities shall not then be actually delivered to the Holder. It is understood and agreed that this Warrant shall not be exercisable until Stockholder Approval is obtained.

2. RESERVATION OF SECURITIES. The Company hereby agrees that at all times there shall be reserved for issuance and/or delivery upon exercise of this Warrant such number of shares of Securities as shall be required for issuance or delivery upon exercise of this Warrant. The Company covenants and agrees that, upon exercise of this Warrant and payment of the Exercise Price therefor, if and as applicable, all Securities and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Warrant shall be outstanding, the Company shall use its best efforts to cause all Securities issuable upon the exercise of this Warrant to be listed (subject to official notice of issuance) on all securities exchanges or quotation systems on which its Common Stock issued may then be listed and/or quoted.

3. FRACTIONAL SHARES. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the Prior Day Market Value of such fractional share.

4. LOSS OF WARRANT. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered shall constitute an additional contractual obligation on the part of the Company, whether or not the Warrant so lost, stolen, destroyed, or mutilated shall be at any time enforceable by anyone.

5. RIGHTS OF THE HOLDER. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and the registration rights agreement referred to in Section 16 hereof.

6. CERTAIN NOTICES TO WARRANT HOLDERS. The Company shall give prompt written notice to the Holder of any determination to make a distribution to the holders of its Common Stock of any cash dividends, assets, debt securities, preferred stock, or any rights or warrants to purchase debt securities, preferred stock, assets or other securities (other than Common Stock, or rights, options, or warrants to purchase Common Stock) of the Company, which notice shall state the nature and amount of such planned dividend or distribution and the record date therefor, and shall be received by the Holder or sent to the Holder by reputable overnight

courier, in either case to its address as provided in Section 8, at least 10 days prior to such record date therefor. The Company shall provide notice to the Holder that any tender offer is being made for securities of the same class as any Warrant Securities no later than the first Business Day after the day the Company becomes aware of any such tender offer. Notwithstanding any notice provided to the Holder pursuant to this Section 6, the Holder shall be entitled to any and all applicable adjustments to the Exercise Rate and the Exercise Price per Security as provided in Section 7 arising out of any event requiring notice to the Holder in this Section 6.

7. ADJUSTMENT OF EXERCISE RATE AND EXERCISE PRICE.

The Exercise Rate and the Exercise Price are subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 7. The Exercise Rate shall initially be the number of Securities for which this Warrant is initially exercisable as set forth in the introductory paragraph to this Warrant. In the event that this Warrant is transferred or exercised in part, the initial Exercise Rate of the portion not exercised or transferred shall be adjusted proportionately as shall the initial Exercise Rate of any partial transfer of this Warrant. For the purposes of Sections 7(a) and 7(b), (i) shares of Common Stock issuable upon the exercise of this Warrant and all other warrants of the same series as this Warrant shall be deemed to be outstanding and (ii) all shares of Common Stock that would be deemed to be outstanding as of the date of determination in respect of Convertible Securities, as determined in accordance with GAAP, shall be deemed to be outstanding.

(a) ADJUSTMENT FOR CHANGE IN CAPITAL STOCK. If, after the Issue Date, the Company:

(i) pays a dividend or makes a distribution on shares of its Common Stock payable in shares of its Common Stock (except to the extent any such dividend results in the grant, issuance, sale or making of Distribution Rights or Distributions (each as defined in Section 7(c)) to the Holder pursuant to Section 7(c));

(ii) subdivides or splits its outstanding shares of Common Stock into a greater number of shares; or

(iii) combines its outstanding shares of Common Stock into a smaller number of shares;

then (1) the Exercise Rate in effect immediately prior to such action for this Warrant shall be adjusted by multiplying the Exercise Rate in effect immediately prior to such action by a fraction (A) the numerator of which shall be the number of shares of Common Stock outstanding immediately after such action and (B) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such action or the record date applicable to such action, if any and (2) the Exercise Price per Security in effect immediately prior to such action shall be adjusted by multiplying the Exercise Price per Security in effect immediately prior to such action by a fraction (A) the numerator of which is one and (B) the denominator of which shall be the fraction calculated in clause (1) of the above formula. The adjustments shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision or combination. In the event that such dividend or distribution is not so paid or made or such subdivision, combination or reclassification is not effected, the Exercise Rate and the Exercise price per Security shall again be adjusted to be the Exercise Rate and the Exercise Price per Security which would then be in effect if such record date or effective date had not been so fixed.

(b) ADJUSTMENT FOR CERTAIN SALES OF COMMON STOCK BELOW CURRENT MARKET VALUE. If, after the Issue Date, the Company (i) grants or sells to any Affiliate of the Company (other than a wholly owned subsidiary of the Company) or (ii) grants, sells or offers to grant or sell to all holders of Common Stock, any shares of Common Stock or Convertible Securities (other than, in the case of each of clauses (i) and (ii),

(1) pursuant to any Convertible Security or other right outstanding as of the Issue Date or issuable in connection with the Transactions and financing therefor and the fees and expenses thereof, or (2) upon the conversion, exchange or exercise of any Convertible Security or other right as to which upon the issuance thereof an adjustment pursuant to this Section 7 has been made), at a price below the then Current Market Value, the Exercise Rate and the Exercise price per Security for this Warrant shall be adjusted in accordance with the formulae:

$$E(1) = \frac{E \times (O+N)}{(O + (N \times P/M))} \qquad \$(1) = \frac{\$ \times (O + N \times P/M)}{(O + N)}$$

where:

E(1) = the adjusted Exercise Rate for this Warrant;

E = the then current Exercise Rate for this Warrant;

$(1) = the adjusted Exercise Price per Security for this Warrant;

$ = the then current Exercise Price per Security for this Warrant;

O = the number of shares of Common Stock outstanding immediately prior to the sale of such Common Stock or issuance of Convertible Securities;

N = the number of shares of Common Stock so sold or the maximum stated number of shares of Common Stock issuable upon the conversion, exchange or exercise of any such Convertible Securities;

P = the proceeds per share of Common Stock received by the Company, which (i) in the case of shares of Common Stock is the amount received by the Company in consideration for the sale and issuance of such shares; and (ii) in the case of Convertible Securities is the amount received by the Company in consideration for the sale and issuance of such

Convertible Securities, plus the minimum aggregate amount of additional consideration, other than the surrender of such Convertible Securities, payable to the Company upon exercise, conversion or exchange thereof; and

M = the Current Market Value as of the Time of Determination or at the time of sale, as the case may be, of a share of Common Stock.

The adjustments shall become effective immediately after the record date for the determination of shareholders entitled to receive the rights, warrants or options to which this paragraph (b) applies or upon consummation of the sale of Common Stock, as the case may be. To the extent that shares of Common Stock are not delivered after the expiration of such rights, warrants or options or exercise, conversion or exchange rights in respect to such Convertible Securities, the Exercise Rate and the Exercise Price per Security for this Warrant shall be readjusted to the Exercise Rate and the Exercise Price per Security which would otherwise be in effect had the adjustment made upon the issuance of such rights, warrants or options or Convertible Securities been made on the basis of delivery of only the number of shares of Common Stock actually delivered. In the event that such rights or warrants are not so issued, the Exercise Rate and the Exercise Price per Security for this Warrant shall again be adjusted to be the Exercise Rate and the Exercise Price per Security which would then be in

effect if such date fixed for determination of shareholders entitled to receive such rights, warrants or options had not been so fixed.

No adjustments shall be made under this paragraph (b) if the application of the formula stated above in this paragraph (b) would result in a value of E(1) that is lower than the value of E.

No adjustments shall be made under this paragraph (b) for any adjustments which are the subject of paragraphs (a), (c) or (e) of this Section 7.

Anything in this Warrant to the contrary notwithstanding, an event which would otherwise give rise to adjustments pursuant to this Section 7(b) shall not give rise to such adjustments if the Company grants, sells or offers to sell shares of Common Stock or Convertible Securities, in each case on the same terms as the underlying event, to the Holder on a PRO RATA basis, assuming for the purpose of this Section 7(b) that all warrants of the same series as this Warrant had been exercised.

Notwithstanding the foregoing, no adjustment in the Exercise Rate or the Exercise Price per Security will be required in respect of: (a) the grant of any stock option or other stock incentive award pursuant to any present stock option or stock incentive plan or arrangement or pursuant to any other customary compensatory stock option or stock incentive plan for employees, officer and/or directors, (b) the grant of any stock option or stock incentive award at an exercise price at least equal to the then Prior Day Market Value or (c) the exercise of any stock option or stock incentive award or similar award or right.

(c) ADJUSTMENT UPON CERTAIN DISTRIBUTIONS.

(i) If at any time after the Issue Date the Company grants, issues or sells options, any Convertible Security, or rights to purchase capital stock or other securities (other than Common Stock) PRO RATA to the record holders or series of Common Stock ("DISTRIBUTION RIGHTS") or, without duplication, makes any distribution (other than a distribution pursuant to a plan of liquidation) other than a Permitted Cash Dividend (a "DISTRIBUTION") on shares of Common Stock (whether in cash, property, evidences of indebtedness, or otherwise), then the Exercise Rate and the Exercise Price per Security shall be adjusted in accordance with the formulae:

E(1) = E X (M/(M-F)) $(1) = $ X ((M-F)/M)

where:

E(1) = the adjusted Exercise Rate;

E = the current Exercise Rate for this Warrant;

$(1) = the adjusted Exercise Price per Security for this Warrant;

$ = the current Exercise Price per Security for this

Warrant;

M = the Current Market Value per share of Common Stock at the Time of Determination;

F = the fair market value at the Time of Determination of such portion of the options, Convertible Securities, capital stock or other securities, cash, property or assets distri-

butable pursuant to such Distribution Rights or Distribution per share of outstanding Common Stock.

The adjustments shall become effective immediately after the Time of Determination with respect to the shareholders entitled to receive the options, Convertible Securities, warrants, cash, property, evidences of indebtedness or other securities or assets to which this paragraph (c)(i) applies. No adjustments shall be made under this paragraph (c) if the application of the formula stated above in this paragraph (c)(i) would result in a value of E(1) that is lower than the value of E. This paragraph (c)(i) does not apply to any securities which result in adjustments pursuant to paragraphs (a) or (b) of this Section 7.

(ii) Anything in this Warrant to the contrary notwithstanding, an event which would otherwise give rise to adjustments pursuant to Section 7(c)(i) shall not give rise to such adjustments (or to adjustments pursuant to any other provision of this Section 7) if the Company grants, issues or sells Distribution Rights to the Holder or includes the Holder in such Distribution, in each case on a PRO RATA basis, assuming for the purpose of this Section 7(c)(ii) that all warrants of the same series as this Warrant had been exercised.

(iii) Notwithstanding anything to the contrary set forth in this Section 7(c), if, at any time, the Company makes any distribution pursuant to any plan of liquidation (a "LIQUIDATING DISTRIBUTION") on shares of Common Stock (whether in cash, property, evidences of indebtedness or otherwise), then, subject to applicable law, the Company shall make to the Holder the aggregate Liquidating Distribution which the Holder would have acquired if the Holder had held the maximum number of shares of Common Stock acquirable upon the complete exercise of this Warrant immediately before the Time of Determination of shareholders entitled to receive Liquidating Distributions.

(d) NOTICE OF ADJUSTMENTS. Whenever the Exercise Rate and Exercise Price per Security are adjusted, the Company shall promptly mail to the Holder a notice of the adjustments. The Company shall also provide the Holder with a certificate from the Company's independent public accountants briefly stating the facts requiring the adjustments and the manner of computing it. The certificate shall be conclusive evidence that the adjustments are correct, absent manifest error.

(e) REORGANIZATION OF COMPANY; FUNDAMENTAL TRANSACTION.

(i) If (x) the Company shall reclassify its Common Stock (other than a change in par value, or from par value to no par value, or a subdivision or combination thereof), or (y) the Company, in a single transaction or through a series of related transactions, consolidates with or merges with or into any other person or sells, assigns, transfers, leases, conveys or otherwise disposes of all or substantially all of its properties and assets to another person or group of affiliated persons or is a party to a merger or binding share exchange which, in the case of any of the transactions referred to in this clause (y), reclassifies or changes its outstanding Common Stock (each of (x) and (y) above being referred to as a "FUNDAMENTAL TRANSACTION"), as a condition to consummating any such Fundamental Transaction, the Company, in the case of any such reclassification referred to in clause (x), or the person formed by or surviving any such consolidation or merger if other than the Company or the person to whom such transfer has been made in the case of clause (y) above (the "SURVIVING Person"), shall enter into a supplemental warrant agreement. The supplemental warrant agreement shall provide (a) that the Holder may exercise this Warrant for the kind and amount of securities, cash or other assets which the Holder would have received immediately after the Fundamental Transaction if the Holder had exercised this Warrant immediately before the effective date of the transaction, assuming (to the extent applicable) that the Holder (i) was not a constituent person or an affiliate of a constituent person to any transaction de-

scribed in clause (y) above, (ii) made no election with respect to any transaction described in clause (y) above, and (b) in the case of any transaction described in clause (y) above, that the Surviving Person shall succeed to and be substituted to every right and obligation of the Company in respect of this Warrant. The supplemental warrant agreement shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. The Surviving Person or the Company, as applicable, shall mail to the Holder a notice briefly describing the supplemental warrant agreement. If the issuer of securities deliverable upon exercise of this Warrant is an affiliate of a Surviving Person, that issuer shall join in the supplemental warrant agreement.

(ii) Notwithstanding the foregoing, if a Fundamental Transaction shall occur and, upon consummation of such Fundamental Transaction, consideration is payable to holders of shares of Common Stock which consideration consists solely of cash, assuming (to the extent applicable) that the Holder (i) was not a constituent person or an affiliate of a constituent person to a transaction described in Section 7(e)(i)(y) above and (ii) made no election with respect thereto, then the Holder shall be entitled to receive distributions upon consummation of such Fundamental Transaction on an equal basis with holders of Common Stock as if this Warrant had been exercised immediately prior to such event, less the aggregate Exercise Price therefor; PROVIDED that the Company or the Surviving Person, as the case may be, may require the surrender of this Warrant to such person prior to making any such distribution to the Holder. Upon receipt of such payment, if any, the rights of the Holder shall terminate and cease and this Warrant shall expire.

(iii) If this paragraph (f) applies, it shall supersede the application of paragraph (a), (b) or (c) of this Section 7.

(f) OTHER EVENTS If any event occurs as to which the provisions of this Section 7 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the board of directors of the Company, fairly and adequately protect the rights of the Holder in accordance with the essential intent and principles of such provisions, then such board of directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of such board of directors, to protect such rights as aforesaid, but in no event shall any such adjustment have the effect of decreasing the Exercise Rate or decreasing the number of Securities issuable upon exercise of this Warrant or increasing the Exercise Price per Security.

(g) COMPANY DETERMINATION FINAL. Any determination that the Company or the board of directors of the Company must make pursuant to this Section 7 shall be conclusive, absent manifest error.

(h) SPECIFICITY OF ADJUSTMENTS. Regardless of any adjustments in the number or kind of shares purchasable upon the exercise of this Warrant or the Exercise Price per Security, this Warrant may continue to express the same number and kind of Securities initially issuable pursuant to this Warrant and the initial Exercise Price per Security as set forth in the first paragraph hereof.

(i) VOLUNTARY ADJUSTMENT. The Company from time to time may increase the Exercise Rate and correspondingly decrease the Exercise Price per Security by any number and for any period of time; PROVIDED, HOWEVER, that such period is not less than 20 Business Days. Whenever the Exercise Rate is so increased and the Exercise Price per Security is so decreased, the Company shall mail to the Holder a notice thereof. The Company shall give the notice at least 10 days before the date the increased Exercise Rate and decreased Exercise Price per Security takes effect. The notice shall state the increased Exercise Rate and decreased Exercise Price per Security and the period it will be in effect. A voluntary increase in the Exercise Rate and

decrease in the Exercise Price per Security shall not change or adjust the Exercise Rate or Exercise Price per Security otherwise in effect as determined by this Section 7.

(j) MULTIPLE ADJUSTMENTS. After an adjustment to the Exercise Rate and Exercise Price per Security for this Warrant under this Section 7, any subsequent event requiring an adjustment under this Section 7 shall cause an

adjustment to the Exercise Rate and Exercise Price per Security for this Warrant as so adjusted.

(k) WHEN DE MINIMIS ADJUSTMENT MAY BE DEFERRED. No adjustment in the Exercise Rate or Exercise Price per Security shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Rate; PROVIDED, HOWEVER, that any adjustments which by reason of the foregoing are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations of the Exercise Rate shall be rounded to the nearest whole number. All calculations of the Exercise Price per Security shall be rounded to the nearest ten thousandth of one cent. No adjustments need be made for a change in the par value of the Common Stock and no adjustments shall be deferred beyond the date on which this Warrant is exercised.

(l) Notwithstanding any adjustment to the Exercise Price called for by this Section 7, in no event will the Exercise Price per share of Common Stock be adjusted to an amount that is less than the par value per share of the Common Stock at the time of such adjustment, and if, but for the provisions of this Section 7(l), an adjustment to the Exercise Price would be required under this Section 7 that would result in an Exercise Price per share of Common Stock that is less than the par value per share of the Common Stock, then the Exercise Price shall be adjusted such that the Exercise Price per share of Common Stock equals the par value of the Common Stock.

(m) AMENDMENTS OF THE CERTIFICATE OF INCORPORATION. The Company shall not amend its Certificate of Incorporation to increase the par value of any Warrant Security such that such par value would exceed the Exercise Price per share of such Warrant Security.

8. NOTICES. Any notices or certificates by the Company to the Holder and by the Holder to the Company shall be deemed delivered if in writing and delivered personally or sent by certified mail or reputable overnight courier, to the Holder, addressed as set forth in the Instructions for Registration of Warrant delivered to the Company, which may be superseded from time to time upon notice to the Company, and, if to the Company, addressed to Designs, Inc., 66 B Street, Needham Massachusetts, 02494, Attention: Chief Financial Officer. The Company may change its address by written notice to the Holder.

9. LIMITATIONS ON TRANSFERABILITY. This Warrant may be divided or combined, upon request to the Company by the Holder, into a certificate or certificates evidencing the same aggregate number of Warrants. This Warrant may not be offered, sold, transferred, pledged or hypothecated (i) in the absence of an effective registration statement as to this Warrant and such transaction filed under the Act, or an exception from the requirement of such registration, and compliance with the applicable federal and state securities laws, (ii) in an amount representing the right to purchase fewer than 140,000 shares of Common Stock, and (iii) with the consent of the Company, which consent shall not unreasonably be withheld. The Company may require an opinion of counsel satisfactory to the Company that such registration is not required and that such laws are complied with. The Company may treat the registered holder of this Warrant as he or it appears on the Company's books at any time as the Holder for all purposes. The Company shall permit the Holder or his duly authorized attorney, upon written request during ordinary business hours, to inspect and copy or make extracts from its books showing the registered holders of Warrants.

10. TRANSFER TO COMPLY WITH THE SECURITIES ACT OF 1933. The Company may cause the following legend, or one similar thereto, to be set forth on this Warrant and on each certificate representing Warrant Securities, or any other security issued or issuable upon exercise of this Warrant, unless (a) the Company has received an opinion of counsel satisfactory to the Company as to any such certificate that such legend, or one similar thereto, is unnecessary or (b) a registration statement with respect to this Warrant and the Warrant Securities has become effective under the Act.

> "THIS SECURITY HAS NOT BEEN REGISTERED FOR RESALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITY AND SUCH DISPOSITION FILED UNDER THE ACT, OR AN EXEMPTION FROM REGISTRATION, AND COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS. THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER HEREOF THAT SUCH REGISTRATION IS NOT REQUIRED AND THAT SUCH LAWS ARE COMPLIED WITH."

11. APPLICABLE LAW. This Warrant shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to conflict of law principles.

12. AMENDMENTS. This Warrant may not be amended except in a writing signed by the Holder and the Company.

13. SEVERABILITY. If any provisions of this Warrant shall be held to be invalid or unenforceable, such invalidity or enforceability shall not affect any other provision of this Warrant.

14. CERTAIN DEFINITIONS. In addition to the capitalized terms defined elsewhere in this Warrant, the following capitalized terms shall have the meanings set forth below.

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

"AFFILIATE" of a person shall mean a person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person. The term "control" means the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

"CONVERTIBLE SECURITY" shall mean any security convertible into or exchangeable or exercisable for Common Stock, including but not limited to, rights, options or warrants entitling the holder thereof to acquire Common Stock or any security convertible into or exchangeable for Common Stock.

"CURRENT MARKET VALUE" per share of Common Stock of the Company at any date shall mean:

(1) if Common Stock is not then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System,

(a) the value of such Common Stock, determined in good faith by the board of directors of the Company and certified in a board resolution, taking into account the most recently completed arms-length transaction between the Company and a person other than an Af-

filiate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or

(b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally recognized investment bank; PROVIDED, HOWEVER, that, in the case of the calculation of Current Market Value for determining the cash value of fractional shares, no such determination by an investment bank shall be required and the good faith judgment of the board of directors as to such value shall be conclusive, or

(2) (a) if Common Stock is then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the average of the daily closing sales prices of such Common Stock for the 20 consecutive trading days immediately preceding such date, or

(b) if Common Stock has been registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System for less than 20 consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available,

in the case of each of (2)(a) and (2)(b), as certified by the Chief Executive Officer, the President, any Executive Vice President or the Chief Financial Officer or Treasurer of the Company. The closing sales price of each such trading day shall be the closing sales price, regular way, on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"GAAP" shall mean generally accepted accounting principles in the United States as in effect on April 26, 2002.

"ISSUE DATE" shall mean _____, 2002.

"PERMITTED CASH DIVIDEND" shall mean any cash dividend in respect of Common Stock that, together with all such dividends (other than dividends with respect to which an adjustment has been made pursuant to Section 7(c)(i) or a dividend which was also paid on a pro rata basis to the Holder as contemplated by Section 7(c)(ii)) declared in respect of Common Stock during the previous twelve months, on a per share basis, does not exceed 10% of the average closing sales prices per share of the Common Stock for each trading day during such twelve month period.

"PRIOR DAY MARKET VALUE" per share of Common Stock of the Company at any date shall mean:

(1) if Common Stock is not then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the Current Market Value per share of Common Stock, or

(2) if Common Stock is then registered under the Exchange Act and traded on a national securities exchange or on the Nasdaq National Market System, the closing sales price of Common Stock

for the trading day ending immediately prior to the event causing the Prior Day Market Value to be determined.

"TIME OF DETERMINATION" shall mean (i) in the case of any distribution of securities or other property to existing shareholders to which Section 7(b) or (c) applies, the time and date of the determination of shareholders entitled to receive such securities or property or (ii) in the case of any other issuance and sale to which Section 7(b) or 7(c) applies, the time and date of such issuance or sale.

15. REGISTRATION RIGHTS. In the event that the Holder gives notice to the Company in accordance with Section 8 hereof of its irrevocable election to exercise this Warrant and other warrants of the same series as this Warrant held by such Holder to the extent of at least 280,000 shares of Common Stock and requests that such shares issuable upon such exercise be registered under the Act, the Company undertakes to prepare and cause to be filed with the Securities and Exchange Commission within 30 days thereafter (provided the Company is then eligible to effect such registration on Form S-3 or any successor form) a registration statement under the Act relating to resales of such Common Stock by the Holder, and shall use commercially reasonable efforts to cause such registration statement to be declared effective within 45 days after such filing and to keep such registration statement effective for 90 days or until such earlier time as such Common Stock issued upon exercise has been sold by the Holder pursuant thereto; PROVIDED, HOWEVER, that the Holder shall be bound (and if requested by the Company shall confirm in writing that it is so bound) by reasonable and customary terms for the provision of information by the Holder, the suspension of sales in the event of material developments regarding the Company, delays in registration in the event of any offering of securities for the account of the Company, and other matters, all on substantially the same terms as may be applicable in one or more cases to holders of other securities of the Company having similar rights to request registration under the Act.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

16. EFFECTIVENESS, ETC. Notwithstanding any other provision hereof, (i) this Warrant shall not become exercisable unless and until the Company consummates the Casual Male Acquisition as defined in the Note Agreement between the Company and certain purchasers of the Company's 12% Senior Subordinated Notes due 2007 (the "Note Agreement"), and (ii) this Warrant shall automatically be rescinded, cancelled and of no further force and effect upon the occurrence of a Mandatory Redemption Event (as defined in the Note Agreement). Capitalized terms used, but not defined, in this Warrant shall have the respective meanings ascribed to them in the Note Agreement unless the context otherwise requires.

DESIGNS, INC.

By:

Name: David A. Levin
Title: President

Date: _____, 2002

Attest:

By:

Name: Dennis R. Hernreich
Title: Chief Financial Officer

PURCHASE FORM

Dated _____, 20__

The undersigned hereby irrevocably elects to exercise this Warrant to the extent of_____shares of Common Stock.

The undersigned has concurrently herewith made payment of $ in payment of the aggregate Exercise Price.

If the issuance of the Warrant Securities is not registered under the Securities Act of 1933, as amended, the undersigned makes the representation and warranty set forth in Section 1 of this Warrant.

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name

(please typewrite or print in block letters)

Address

Signature

ASSIGNMENT FORM

FOR VALUE RECEIVED, _____
hereby sells, assigns and transfers unto

Name

(please typewrite or print in block letters)

Address
---

the right to purchase shares of Common Stock as represented by this Warrant to the extent of shares of Common Stock as to which such right is exercisable and does hereby irrevocably constitute and appoint, _____ attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

Signature

Dated: _____ 20____

INSTRUCTIONS FOR REGISTRATION OF WARRANT

Name

(please typewrite or print in block letters)

Address

Signature

EXHIBIT 10.8

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of April 26, 2002, by and between DESIGNS, INC., a Delaware corporation (the "Company"), and the persons listed on Schedule 1 attached hereto (the "Securityholders").

The Securityholders have entered into Subscription Agreements (the "Subscription Agreements") with the Company, dated as of the date hereof, in respect of the issuance and sale to the Securityholders of shares of Common Stock or shares of Series B Convertible Preferred Stock (the "Preferred Stock"), which shares of Preferred Stock will become convertible into Common Stock automatically upon approval by the stockholders of the Company. The Company and the Securityholders deem it to be in their respective best interests to set forth the rights of the Securityholders in connection with public offerings and sales of the Registrable Securities (as hereinafter defined).

NOW, THEREFORE, in consideration of the premises and mutual covenants and obligations hereinafter set forth, the Company and the Securityholders, intending legally to be bound, hereby agree as follows.

SECTION 1. DEFINITIONS. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" of any Person means any other person who either directly or indirectly is in control of, is controlled by, or is under common control with such person.

"Business Day" shall mean any Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in the City of New York are authorized by law, regulation or executive order to close.

"Common Stock" shall mean the common stock, par value $0.01 per share, of the Company.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended (or any similar successor federal statute), and the rules and regulations thereunder, as the same are in effect from time to time.

"Holder" shall mean a Securityholder or any transferee of all or a portion of the Registrable Securities owned by a Securityholder or Holder. For purposes of this Agreement, the Company may deem the registered holder of a Registrable Security as the Holder thereof.

"Material Development Condition" shall have the meaning set forth in Section 6(a) hereof.

"Person" or "person" shall mean an individual, partnership, corporation, limited liability company, joint venture, trust or unincorporated organization, a government or agency or political subdivision thereof or any other entity.

"Prospectus" shall mean the prospectus included in any Registration Statement, as amended or supplemented by a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

"Registrable Securities" shall mean (i) Common Stock issued pursuant to Subscription Agreements, dated as of the date hereof, between the Company and a Securityholder, (ii) Underlying Common Stock, and (iii) any other securities issued or issuable as a result of or in connection with any stock dividend, stock split or reverse stock split, combination, recapitalization, reclassification, merger or consolidation, exchange or distribution in respect of such Common Stock or Underlying Common Stock.

"Registration Expenses" shall have the definition set forth in Section 7 hereof.

"Registration Statement" shall mean any registration statement which covers any of the Registrable Securities pursuant to the provisions of this Agreement (including without limitation a Shelf Registration Statement), including the Prospectus included therein, all amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all materials incorporated by reference in such Registration Statement.

"Restricted Securities" shall have the meaning set forth in Section 2 hereof.

"Rule 144" shall mean Rule 144 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the SEC.

"Rule 415" shall mean Rule 415 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the SEC.

"Rule 903" shall mean Rule 903 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the SEC.

"Rule 904" shall mean Rule 904 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the SEC.

"SEC" shall mean the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

"Securities Act" shall mean the Securities Act of 1933, as amended (or any similar successor federal statute), and the rules and regulations thereunder, as the same are in effect from time to time.

"Shelf Registration" shall mean the registration of Registrable Securities for sale on a continuous or delayed basis pursuant to Rule 415.

"Shelf Registration Statement" shall mean a Registration Statement on Form S-3 (or Form S-1 if Form S-3 is not available) filed in connection with a Shelf Registration.

"Underlying Common Stock" means Common Stock issued or issuable upon the conversion of any shares of Preferred Stock held by the Holders.

SECTION 2. SECURITIES SUBJECT TO THIS AGREEMENT. The securities entitled to the benefits of this Agreement are the Registrable Securities but, with respect to any particular Registrable Security, only so long as such security continues to be a Restricted Security. A Registrable Security that has ceased to be a Restricted Security cannot thereafter become a Registrable Security. As used herein, a Restricted Security is a Registrable Security which has not been effectively registered under the Securities Act and distributed in accordance with an effective Registration Statement and which has not been distributed or sold by a Holder pursuant to Rule 144, Rule 903 or Rule 904, unless, in the case of a Registrable Security distributed pursuant to Rule 903 or 904, any applicable restricted period has not expired or the SEC or its staff has taken the position in a published release, ruling or no-action letter that securities distributed under Rule 903 or 904 are ineligible for resale in the United States under Section 4(1) of the Securities Act notwithstanding expiration of the applicable restricted period.

SECTION 3. SHELF REGISTRATION.

(a) FILING. The Company shall prepare and file a Shelf Registration Statement with the SEC as soon as is reasonably practicable, but in no event later than three Business Days (the "Shelf Registration Statement Filing Date") following the day the Company files with the SEC its Form 8-K (or an amendment thereto) with respect to the Company's acquisition of stock or assets of Casual Male Corp., a Massachusetts corporation, which filing shall contain the information required by Item 7 of Form 8-K. The Shelf Registration Statement shall cover the offer and sale of the Registrable Securities by the Holders thereof in accordance with the methods of distribution elected by such Holders, and shall include the Common Stock and the Underlying Common Stock to be issued upon conversion of the Preferred Stock.

(b) EFFECTIVENESS OF SHELF REGISTRATION STATEMENT. Except as otherwise permitted under this Agreement, the Company agrees to use its best efforts to cause the Shelf Registration Statement filed pursuant to this Section 3 to become effective as promptly as practicable and thereafter keep such Shelf Registration Statement effective continuously until the earlier of (i) the date as of which all of the Registrable Securities have been sold pursuant to the Shelf Registration Statement or (ii) two years following the effective date of the Shelf Registration Statement. The Company shall notify the Holders by facsimile notice on the same Business Day that the Shelf Registration Statement is declared effective by the SEC.

(c) FAILURE TO BE DECLARED EFFECTIVE. Notwithstanding anything

to the contrary herein, if the Shelf Registration Statement to be filed pursuant to Section 3(a) is not declared effective on or before the earlier of (i) 120 days after the Closing Date (as defined in the

Subscription Agreements), or (ii) October 1, 2002 (such earlier date is referred to herein as the "Required Date of Effectiveness"), then the Company shall pay to each Holder holding Registrable Securities, as liquidated damages in compensation for their added risk of holding restricted securities and not as a penalty, an amount equal to .0766% of the amount such Holder (or the Securityholder from whom the Holder acquired such Registrable Securities) paid to acquire the Registrable Securities (or Preferred Stock) from the Company for each day in the period beginning on the Required Date of Effectiveness and ending on the date the Shelf Registration Statement is declared effective.

SECTION 4. PIGGYBACK REGISTRATION. If the Company at any time during which no Shelf Registration Statement is effective proposes to file a registration statement with respect to any class of equity securities, whether for its own account (other than in connection with the Registration Statement contemplated by Section 3 or a registration statement on Form S-4 or S-8 (or any successor or substantially similar form), or of (A) an employee stock option, stock purchase or compensation plan or of securities issued or issuable pursuant to any such plan, or (B) a dividend reinvestment plan) or for the account of a holder of securities of the Company pursuant to registration rights granted by the Company or which the Company has assumed, then the Company shall in each case give written notice of such proposed filing to all Holders of Registrable Securities at least fifteen (15) days before the anticipated filing date of any such registration statement by the Company, and such notice shall offer to all Holders the opportunity to have any or all of the Registrable Securities held by such Holders included in such registration statement. Each Holder of Registrable Securities desiring to have its Registrable Securities registered under this Section 4 shall so advise the Company in writing within ten (10) days after the date of receipt of such notice (which request shall set forth the amount of Registrable Securities for which registration is requested), and the Company shall use its commercially reasonable efforts to include in such Registration Statement all such Registrable Securities so requested to be included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of any such proposed public offering advises the Company in writing that the total amount or kind of securities which the Holders of Registrable Securities, the Company and any other holder of the Company's securities intended to be included in such proposed public offering is sufficiently large to adversely affect the success of such proposed public offering, then the amount or kind of securities to be offered for the accounts of Holders of Registrable Securities shall be reduced PRO RATA, together with the amount or kind of securities to be offered for the accounts of any other persons requesting registration of securities pursuant to "piggyback" registration rights, to the extent necessary to reduce the total amount or kind of securities to be included in such proposed public offering to the amount or kind recommended by such managing underwriter or underwriters before the securities offered by the Company or any stockholder exercising its demand registration rights in such registration are so reduced. Anything to the contrary in this Agreement notwithstanding, the Company may withdraw or postpone a Registration Statement referred to in this Section 4 at any time before it becomes effective or withdraw, postpone or terminate the offering after it becomes effective without obligation to the Holder or Holders of the Registrable Securities. The rights of the Holders to include their Registrable Securities in a "piggyback" registration under this Section 4 shall not affect or diminish the Company's obligations relating to the Shelf Registration Statement under Section 3.

SECTION 5. REGISTRATION PROCEDURES; COMPANY COVENANTS.

(a) GENERAL. In connection with the Company's registration obligations pursuant to Section 3 hereof, but subject to Section 6, the Company will:

(i) prepare and file with the SEC a Shelf Registration Statement and such amendments and post-effective amendments and supplements to the Shelf Registration Statement and the Prospectus as may be (1) reasonably requested by any Securityholder (to the extent such request relates to information relating to such holder) or (2) necessary to keep such Shelf Registration Statement effective and in compliance with the Securities Act for the time periods set forth in Section 3(b);

(ii) notify the Holders of Registrable Securities by facsimile notice on the same Business Day (1) when a new Registration Statement, Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any new Registration

Statement or post-effective amendment, when it has become effective, (2) of any request by the SEC for amendments or supplements to any Registration Statement or Prospectus or for additional information, (3) of the issuance by the SEC of any comments with respect to any filing, (4) of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for that purpose and use its best efforts to have such suspension rescinded and removed as expeditiously as possible, (5) of any suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and use its best efforts to have such suspension rescinded and removed as expeditiously as possible and (6) of the happening of any event which makes any statement of a material fact made in any Registration Statement, Prospectus or any document incorporated therein by reference untrue or which requires the making of any changes in any Registration Statement, Prospectus or any document incorporated therein by reference in order to make the statements therein (in the case of any Prospectus, in the light of the circumstances under which they were made) not misleading and use its best efforts to correct any such untrue statement or omission as expeditiously as possible;

(iii) if reasonably requested by a Holder of Registrable Securities being sold, promptly incorporate in a Prospectus supplement or post-effective amendment such information as the Holders of the Registrable Securities being sold determine should be included therein relating to the sale of the Registrable Securities; and promptly make all required filings of such Prospectus supplement or post-effective amendment;

(iv) furnish to each selling Holder of Registrable Securities, without charge, as many conformed copies as may reasonably be requested, of the then effective Registration Statement and any post-effective amendments thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(v) deliver to each selling Holder of Registrable Securities, without charge, as many copies of the then effective Prospectus (including each prospectus

subject to completion) and any amendments or supplements thereto as such Persons may reasonably request;

(vi) use its best efforts to register or qualify, and cooperate with the selling Holders of Registrable Securities and their respective counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws (A) in all U.S. jurisdictions in which any of the Shares (as defined in the Subscription Agreements) are originally sold, and (B) in such jurisdictions as any selling Holder of Registrable Securities or underwriter reasonably requests in writing; PROVIDED, HOWEVER, that, as to clause (B) only, the Company will not be required to (1) qualify to do business in any jurisdiction where it would not otherwise be required to qualify, but for this paragraph (vi), (2) subject itself to general taxation in any such jurisdiction in which it is not already subject to general taxation, or (3) file a general consent to service of process in any such jurisdiction in which it is not already subject to general consent to service of process;

(vii) cooperate with the selling Holders of Registrable Securities, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends;

(viii) use its best efforts to cause all Registrable Securities covered by the Registration Statement to be listed and stay listed for a period of at least three years from the date hereof on each securities exchange (or quotation system operated by a national securities association) on which identical securities issued by the Company are then listed, and enter into customary agreements including, if necessary, a listing application and indemnification agreement in customary form, and provide a transfer agent for such Registrable Securities no later than the effective date of such Registration Statement;

(ix) provide a CUSIP number for the Registrable Securities no later than the effective date of such registration statement;

(x) comply with all applicable rules and regulations

of the SEC relating to such registration and the distribution of the securities being offered and make generally available to its securities holders earnings statements satisfying the provisions of Section 11(a) of the Securities Act;

(xi) cooperate and assist in any filings required to be made with the National Association of Securities Dealers, Inc.; and

(xii) subject to the proviso in paragraph (vi) above, cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities (other than as may be required by the governmental agencies or authorities of any foreign jurisdiction and other than as may be required by a law applicable to a selling

Holder by reason of its own activities or business other than the sale of Registrable Securities).

The Company may require each seller of Registrable Securities as to which any registration is being effected pursuant to this Agreement to furnish to the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request and as is required to be included in the applicable Registration Statement by the applicable rules and regulations of the SEC.

(b) SUSPENSION OF SALES. Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5(a)(ii)(4) or 5(a)(ii)(6), such Holder will use commercially reasonable efforts to forthwith discontinue disposition of Registrable Securities pursuant to the then current Prospectus until (1) such Holder is advised in writing by the Company that the Prospectus covering the offer of Registrable Securities has been amended or supplemented as contemplated by Section 5(a)(i) or a new Registration Statement covering the offer of the Registrable Securities has become effective under the Securities Act and such Holder receives copies of such supplemented or amended Prospectus or such new Prospectus, or (2) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed. If so directed by the Company, on the happening of such event, the Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

(c) RULE 144 COVENANTS. With a view to making available to the Holders the benefits of Rule 144, the Company agrees to: (i) comply with the provisions of paragraph (c) (1) of Rule 144; (ii) file with the SEC in a timely manner all reports and other documents required to be filed by the Company pursuant to Section 13 or 15(d) under the Exchange Act; and, if at any time it is not required to file such reports but in the past had been required to or did file such reports, it will, upon the request of any Holder, make available other information as required by, and so long as necessary to permit sales of, its Registrable Securities pursuant to Rule 144; and (iii) furnish to each Holder upon request, as long as such Holder owns any Registrable Securities, (A) a written statement by the Company that it has complied with the reporting requirements of the Securities Act and the Exchange Act, (B) a copy of the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, and (C) such other information as may be reasonably requested in order to avail the Holder of any rule or regulation of the SEC that permits the selling of any such Registrable Securities without registration.

(d) PUBLIC STATEMENTS. Except in connection with the Company's written bid with the U.S. Bankruptcy Court for the Southern District of New York (Manhattan) for substantially all of the assets of Casual Male Corp., the Company will not issue any public statement, press release or any public disclosure listing any Holder as one of the purchasers of the Shares without such Holder's prior written consent, except as may be required by applicable law or rules of any exchange or quotation system on which the Company's securities are listed or quoted.

SECTION 6. BLACKOUT PERIODS.

(a) MATERIAL DEVELOPMENT CONDITION. With respect to any Registration Statement filed or to be filed pursuant to Section 3, if the Company determines that, in its good faith judgment, it would (because of the existence of, or in anticipation of, any acquisition or corporate reorganization or other material transaction, financing activity, stock repurchase or material

development involving the Company or any subsidiary, or the unavailability for reasons substantially beyond the Company's control of any required financial statements, or any other event or condition of similar significance to the Company or any subsidiary) be materially disadvantageous (a "Material Development Condition") to the Company for such a Registration Statement to become effective or to be maintained effective or for sales of Registrable Securities to continue pursuant to the Registration Statement, the Company shall, notwithstanding any other provisions of this Agreement, be entitled, upon the giving of a written notice (a "Delay Notice") to such effect to any Holder of Registrable Securities included or to be included in such Registration Statement, (i) to cause sales of Registrable Securities by such Holder pursuant to such Registration Statement to cease, (ii) to cause such Registration Statement to be withdrawn and the effectiveness of such Registration Statement to be suspended, or (iii) in the event no such Registration Statement has yet been filed, to delay the filing of any such Registration Statement until, in the good faith judgment of the Company, such Material Development Condition no longer exists (notice of which the Company shall deliver on a same day basis to any Holder of Registrable Securities with respect to which any such Registration Statement has been filed).

(b) LIMITATIONS ON BLACKOUT PERIODS. Notwithstanding the provisions of Section 6(a), the Company shall not be entitled to delay any registration of Registrable Securities pursuant to Section 3, cause or permit sales of Registrable Securities to cease or cause or permit the effectiveness of any Registration Statement to be suspended pursuant to Section 5(b) or Section 6(a) longer than is necessary and in any event not longer than (i) 30 days (whether consecutive or not) in any 120-day period, or (ii) 60 days (whether consecutive or not) in any 365-day period.

(c) BLACKOUT PERIOD DEFAULTS. If a Holder is unable to sell Registrable Securities, whether for reasons specified in Section 5(b) or 6(a), pursuant to the Shelf Registration Statement for more than 30 days (whether consecutive or not) in any 120-day period, or (ii) 60 days (whether consecutive or not) in any 365-day period, then the Company shall pay to each such Holder for each such excess day, as liquidated damages and not as a penalty, an amount equal to .0766% of the amount such Holder (or the Securityholder from whom the Holder acquired such Registrable Securities) paid to acquire all of its Registrable Securities (or Preferred Stock) from the Company. Notwithstanding anything to the contrary herein, in the event that the Shelf Registration Statement is not effective on or before the Required Date of Effectiveness (regardless if a Material Development Condition then exists and regardless if the Company has delivered the Delay Notice to the Holders), then the Company shall pay for each day until the date that the Shelf Registration Statement becomes effective, as liquidated damages and not as a penalty, an amount equal to .0766% of the amount such Holder (or the Securityholder from whom the Holder acquired such Registrable Securities or Preferred Stock) paid to acquire all of its Registrable Securities (or Preferred Stock) from the Company.

SECTION 7. REGISTRATION EXPENSES. All expenses incident to the Company's performance of or compliance with this Agreement, including without limitation all registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including fees and disbursements of counsel to the Company or the underwriters (if any) in connection with blue sky qualifications or registrations (or the obtaining of exemptions therefrom) of the Registrable Securities), listing fees, printing expenses (including expenses of printing Prospectuses), messenger and delivery expenses, NASD fees, internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), fees and disbursements of its counsel and its independent certified public accountants, securities acts liability insurance (if the Company elects to obtain such insurance), fees and expenses of any special experts retained by the Company in connection with any registration hereunder, fees and expenses of other Persons retained by the Company, and reasonable fees and expenses of one law firm selected by the holders of a majority of the Registrable Securities (all such expenses being referred to as "Registration Expenses"), shall be borne by the Company; PROVIDED, that Registration Expenses shall not include underwriting discounts, commissions or fees attributable to the sale of the Registrable Securities or any other out-of-pocket expenses incurred by the Holder not subject to reimbursement under this Agreement.

SECTION 8. INDEMNIFICATION.

(a) INDEMNIFICATION BY THE COMPANY. The Company agrees to indemnify and hold harmless, to the full extent permitted by law, but without duplication, each Holder of Registrable Securities, its officers, directors, trustees, employees, partners, principals, equity holders, managed or advised accounts, advisors, affiliates and agents, and each Person who controls such Holder (within the meaning of the Securities Act), against all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation and reasonable legal fees and expenses as and when incurred) arising out of or

resulting from any untrue statement or alleged untrue statement of a material fact in, or any omission or alleged omission of a material fact required to be stated in, any Registration Statement or Prospectus or necessary to make the statements therein (in the case of a Prospectus in light of the circumstances under which they were made) not misleading, or arising out of any violation by the Company of any rule or regulation promulgated under the Securities Act or the Exchange Act relating to any such Registration Statement or Prospectus, except insofar as the same are caused by or contained in any information furnished in writing to the Company by such Holder expressly for use therein. The Company will also indemnify underwriters participating in the distribution, their officers, directors, employees, partners and agents, and each Person who controls such underwriters (within the meaning of the Securities Act), to the same extent as provided above with respect to the indemnification of the Holders of Registrable Securities, if so requested.

(b) INDEMNIFICATION BY HOLDERS OF REGISTRABLE SECURITIES. In connection with any Registration Statement in which a Holder of Registrable Securities is participating, each such Holder agrees severally and not jointly to indemnify and hold harmless, to the full extent permitted by law, but without duplication, the Company, its officers and directors and each Person who controls the Company (within the meaning of the Securities Act) against any losses, claims, damages, liabilities and expenses (including reasonable costs of investigation and

reasonable legal fees and expenses as and when incurred) arising out of or resulting from any untrue statement of material fact in, or any omission of a material fact required to be stated in, any Registration Statement or Prospectus or necessary to make the statements therein (in the case of a Prospectus in light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information furnished in writing by such Holder to the Company specifically for inclusion therein. The Company will use its best efforts so that the Company and the other persons described above shall be entitled to receive indemnities from underwriters participating in the distribution, to the same extent as provided above with respect to information so furnished in writing by such Persons specifically for inclusion in any Prospectus or Registration Statement.

(c) CONDUCT OF INDEMNIFICATION PROCEEDINGS. Any Person entitled to indemnification hereunder will (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification, but the failure to so notify shall not relieve the indemnifying party from any liability except to the extent that it is prejudiced and forfeits substantive rights and defenses by reason of such failure, and (ii) permit such indemnifying party to assume the defense of such claim with counsel of such indemnifying party's choice; PROVIDED, HOWEVER, that any Person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such indemnified Person unless (A) the indemnifying party shall have failed to assume the defense of such claim or employ counsel reasonably satisfactory to the indemnified party in a timely manner or (B) in the good faith judgment of any such Person, based upon written advice of its counsel, a conflict of interest may exist between such Person and the indemnifying party (or other Persons being represented by such counsel) with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person). The indemnifying party will not be subject to any liability for any settlement made without its consent (which consent shall not be unreasonably withheld). No indemnified party will be required to consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect of such claim or litigation. An indemnifying party who is not entitled to, or elects not to, assume the defense of the claim will not be obligated to pay the fees and expenses of more than one counsel for each party indemnified by such indemnifying party with respect to such claim.

(d) CONTRIBUTION. To the extent that for any reason the indemnification provided for in Section 8(a) or Section 8(b) is unavailable to an indemnified party or insufficient to hold it harmless as contemplated by Section 8(a) and Section 8(b), then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage, or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party,

and the parties' relative

intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. The obligations of the Holders in this Section 8(d) to contribute shall be several in proportion to the percentage of Registrable Securities registered by them and not joint. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentations.

(e) LIMITATION OF LIABILITY. Notwithstanding anything to the contrary in this Agreement, no Holder shall be liable under this Agreement for any amount in excess of the gross proceeds paid to such Holder in respect of shares sold by it under any Registration Statement and/or Prospectus.

(f) SURVIVAL. The terms of this Section 8 shall survive the termination of this Agreement.

SECTION 9. AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this Section 9, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least 75% of the Registrable Securities (on a Common Stock equivalent basis) then outstanding. Whenever the consent or approval of Holders of a specified number of Registrable Securities is required hereunder, Registrable Securities held by the Company or any of its controlled affiliates (other than Holders of Registrable Securities if such subsequent Holders are deemed to be affiliates solely by reason of their holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required number. To the extent any party hereto receives compensation in connection with providing a waiver or consent or agreeing to an amendment of this Agreement, each other Holder shall be entitled to share ratably in such compensation.

SECTION 10. NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, facsimile, or reputable delivery service such as Federal Express by overnight delivery:

(a) If to a Holder of Registrable Securities, at the most current address or fax number given by such Holder to the Company, in accordance with the provisions of this Section 10, which address initially is, with respect to each Holder, listed on Schedule 1 attached hereto.

(b) If to the Company, initially at 66 B Street, Needham, Massachusetts 02494, Attention: Secretary, or (781) 433-7462 and thereafter at such

other address or fax number as may be designated from time to time by notice given in accordance with the provisions of this Section 10, with a copy (which shall not constitute notice) to Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022, Attention: Peter Smith, Esq.

(c) All such notices and other communications shall be deemed to have been delivered and received (i) in the case of personal delivery, on the date of such delivery, (ii) in the case of reputable delivery service, on the Business Day after the date when sent (iii) in the case of mailing, on the third Business Day following such mailing, and (iv) in the case of facsimile, on the Business Day when such facsimile is received, provided that any facsimile received after 5:00 p.m. by the recipient shall be treated as being sent on the next following Business Day.

SECTION 11. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, including without limitation and without the need for an express assignment to subsequent Holders of the Registrable Securities who cannot freely

transfer their shares in the absence of registration under the Securities Act.

SECTION 12. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 13. HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 14. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF THE CONFLICT OF LAWS THEREOF.

SECTION 15. JURISDICTION; FORUM. Each party hereto consents and submits to the jurisdiction of any state court sitting in the County of New York or federal court sitting in the Southern District of the State of New York in connection with any dispute arising out of or relating to this Agreement. Each party hereto waives any objection to the laying of venue in such courts and any claim that any such action has been brought in an inconvenient forum. To the extent permitted by law, any judgment in respect of a dispute arising out of or relating to this Agreement may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified copy of such judgment being conclusive evidence of the fact and amount of such judgment. Each party hereto agrees that personal service of process may be effected by any of the means specified in Section 10, addressed to such party. The foregoing shall not limit the rights of any party to serve process in any other manner permitted by law.

SECTION 16. SEVERABILITY. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or

unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

SECTION 17. ENTIRE AGREEMENT. This Agreement is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein (except for the Agreements (as defined in the Subscription Agreements)). This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

SECTION 18. EFFECTIVENESS OF THIS AGREEMENT. Notwithstanding anything to the contrary contained in this Agreement, this Agreement shall be of no force or effect, and shall not be enforceable by, any party hereto or any other Person, unless the Holders purchase Registrable Securities from the Company.

SECTION 19. LIMITATION OF LIABILITY. A copy of the Agreement and Declaration of Trust of each of Putnam Variable Trust-Putnam VT Small Cap Fund; Putnam Investment Funds-Putnam Small Cap Value Fund; and Putnam World Trust II: Putnam U.S. Small Cap Value Equity Fund (Dublin), each of which is a series investment company that is a Massachusetts business trust, is on file with the Secretary of State of The Commonwealth of Massachusetts and notice is hereby given that this Agreement is executed on behalf of the Trustees of each such entity as Trustees and not individually and that the obligations of this Agreement are not binding upon any of the Trustees, officers or shareholders of such entities individually but are binding only upon the assets and property of such entities.

SECTION 20. FURTHER ASSURANCES. The Company agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurance as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DESIGNS, INC.

BY:

Name:
Title:

THE SECURITYHOLDERS:

BY:

Name of Investor:

Name of Signatory:

Title of Signatory:

THE SECURITYHOLDERS:

PUTNAM VARIABLE TRUST-PUTNAM VT SMALL CAP VALUE FUND
PUTNAM INVESTMENT FUNDS-PUTNAM SMALL CAP VALUE FUND
By Putnam Investment Management, LLC

By:

Name:
Title:

PUTNAM WORLD TRUST II: PUTNAM U.S. SMALL CAP VALUE EQUITY FUND
(DUBLIN)
By The Putnam Advisory Company, LLC

By:

Name:
Title:

Schedule 1

[NAMES AND ADDRESSES TO COME]

PUTNAM VARIABLE TRUST-PUTNAM VT SMALL CAP VALUE FUND
PUTNAM INVESTMENT FUNDS-PUTNAM SMALL CAP VALUE FUND

c/o Putnam Investment Management, LLC
One Post Office Square
Boston, MA 02109 Fax: 617-760-8250

PUTNAM WORLD TRUST II: PUTNAM U.S. SMALL CAP VALUE EQUITY FUND
(DUBLIN)

c/o The Putnam Advisory Company, LLC
One Post Office Square
Boston, MA 02109 Fax: 617-760-8250

Putnam Notices: All notices should be sent to Putnam Holders at the respective addresses listed above for the further attention of John Verani. All notices requiring same day delivery under the terms of this Agreement should also be faxed to Purchaser at (617) 292-1625 for the further attention of Michael E. DeFao, Esq.

Exhibit 99.1

For Information, Contact:

Company Contact:

Jeffrey Unger
561-672-4713

Investor Relations Contact:

Suzanne Rosenberg/Ankit Goyal
Morgen-Walke Associates
212-850-5600

DESIGNS, INC. ANNOUNCES COMPLETION
OF CASUAL MALE ACQUISITION

NEEDHAM, MA - MAY 15, 2002 - DESIGNS, INC. (NASDAQ - DESI), retail brand operator of LEVI'S(R) OUTLET BY DESIGNS, DOCKERS(R) OUTLET BY DESIGNS, CANDIES(R) and ECKO UNLTD. outlet stores, announced today the completion of its acquisition of Casual Male Corp. and certain subsidiaries ("Casual Male"), a leading specialty retailer of fashion, casual and dress apparel for big and tall men.

On May 1, 2002, the Company was selected as the highest and best bidder at the Bankruptcy Court ordered auction to purchase substantially all of the assets of Casual Male. The U.S. Bankruptcy Court for the Southern District of New York subsequently granted its approval to Designs, Inc. for the $170 million acquisition of Casual Male on May 7, 2002.

Under the terms of the asset purchase agreement, the Company will acquire substantially all of Casual Male's assets including, but not limited to, the inventory and fixed assets of approximately 475 retail store locations and various intellectual property. In addition, the Company will also assume certain operating liabilities, including but limited to, existing retail store lease arrangements and the existing mortgage for Casual Male's corporate office, which is located in Canton, Massachusetts.

The Company will fund the $170.0 million acquisition through a combination of new equity and debt. The Company will issue approximately $80 million of common and preferred stock (equivalent to approximately 19 million common shares, assuming shareholder approval for conversion of preferred stock), and approximately $36 million in senior subordinated debt (including warrants for approximately 2.5 million common shares, subject in part to shareholder approval), and borrow approximately $15 million through a three-year term loan with Back Bay Capital Funding, LLC, and the assumption of an existing $12.2 million mortgage note. The remainder of the acquisition will be funded from the Company's amended senior secured revolving credit agreement with the Company's bank, Fleet Retail Finance, Inc.

- more -

Seymour Holtzman, Chairman of Designs, said, "Although we first expressed an interest in acquiring Casual Male six months ago, we were not able to commence our due diligence and fund raising efforts until March 21, 2002. Since the Bankruptcy Court set a deadline of April 27, 2002 for submitting a competing offer with a 10% required deposit, this was an immense task. This was an extraordinary undertaking and is a great tribute to the senior management of Designs, Inc."

David Levin, President and Chief Executive Officer of Designs, stated, "We are very excited about our acquisition of Casual Male and its contribution to our future growth strategy. Casual Male is an excellent brand and continues to be the leader in the specialty retail market of big and tall men apparel. The similarity of Casual Male's business to ours, that is, retailers of branded apparel, make this an excellent combination for us. We believe Casual Male's leading market position, along with Designs' efficient operating capabilities, will produce a very profitable combination and that the performance of the combined company will be beneficial to our shareholders"

Dennis R. Hernreich, Senior Vice President and Chief Financial Officer of Designs, added, "This acquisition is expected to increase our total annualized revenue to in excess of $500 million. During the prior two fiscal years, Designs and Casual Male, between then, reported sales totaling approximately $556.3 million in FY 2001 and $602.5 million in FY 2000 and earnings before interest, taxes, depreciation and amortization ("EBITDA") totaling approximately $29.4

million in FY 2001 and $48.4 million in FY 2000. During FY 2001 Casual Male entered bankruptcy and was operating as debtor-in-possession for most of the year. Also, because of the synergies between these businesses, we expect that there will be substantial cost savings that we will be able to realize. Over the past year, Casual Male has already taken several significant steps to improving its operations by closing approximately 130 of its unprofitable stores, cleaning up its merchandise inventories and relocating its e-commerce and direct mail operations to its corporate headquarters in Canton, Massachusetts. During the balance of this fiscal year we will be in transition of combining the two operations, planning for significant systems enhancements at Casual Male and otherwise executing plans to realize the synergies over the next couple of years"

Designs, Inc. plans to report first quarter results on Thursday, May 23, 2002. The Company will host a conference call on that date to be broadcast live via webcast at 10:00 a.m. Eastern Time. Participants can access the webcast via the Company's website: www.designsinc.com. An archive of the webcast will be available one hour after the live call has taken place and through May 30, 2002.

ABOUT DESIGNS, INC.

Designs, Inc. operates 105 Levi's(R) Outlet by Designs, Dockers(R) Outlet by Designs and Candie's(R) outlet stores primarily in the Eastern part of the United States and in Puerto Rico. The Company is headquartered in Needham, Massachusetts and its common stock is listed on the Nasdaq National Market under the symbol "DESI". Investor Relations information is available on the Company's web site at www.designsinc.com

ABOUT CASUAL MALE

Casual Male is a leading independent specialty retailer of fashion, casual and dress apparel for big and tall men with annual sales that exceed $350 million. Casual Male sells its branded merchandise through various channels of distribution including full price and outlet retail stores, direct mail and the internet. Casual Male had been operating under the protection of the U.S. Bankruptcy Court since May 2001.

THE DISCUSSION OF FORWARD-LOOKING INFORMATION REQUIRES MANAGEMENT OF THE COMPANY TO MAKE CERTAIN ESTIMATES AND ASSUMPTIONS REGARDING THE COMPANY'S STRATEGIC DIRECTION AND THE EFFECT OF SUCH PLANS ON THE COMPANY'S FINANCIAL RESULTS. THE COMPANY'S ACTUAL RESULTS AND THE IMPLEMENTATION OF ITS PLANS AND OPERATIONS MAY DIFFER MATERIALLY FROM FORWARD-LOOKING STATEMENTS MADE BY THE COMPANY. THE COMPANY ENCOURAGES READERS OF FORWARD-LOOKING INFORMATION CONCERNING THE COMPANY TO REFER TO ITS PRIOR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION THAT SET FORTH-CERTAIN RISKS AND UNCERTAINTIES THAT MAY HAVE AN IMPACT ON FUTURE RESULTS AND DIRECTION OF THE COMPANY. THE COMPANY DOES NOT REPORT ON ITS PROGRESS DURING A QUARTER UNTIL AFTER THE QUARTER HAS BEEN COMPLETED AND APPROPRIATELY DISCLOSED ITS RESULTS.