

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **2001-08-03**
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FILED BY

SPECIALTY ACQUISITION CORP

CIK: **1140373**
Type: **SC 13D/A**

| Mailing Address | Business Address |
|--|--|
| <i>KANE KESSLER PC 1335 AVE OF THE AMERICAS 26TH FLOOR NEW YORK NY 10019</i> | <i>KANE KESSLER PC 1335 AVE OF THE AMERICAS 26TH FLOOR NEW YORK NY 10019</i> |

SUBJECT COMPANY

SPECIALTY CATALOG CORP

CIK: **1020897** | IRS No.: **043253301** | State of Incorp.: **DE** | Fiscal Year End: **0102**
Type: **SC 13D/A** | Act: **34** | File No.: **005-50224** | Film No.: **01697007**
SIC: **5961** Catalog & mail-order houses

| Mailing Address | Business Address |
|---|--|
| <i>21 BRISTOL DRIVE SOUTH EASTON MA 02375</i> | <i>21 BRISTOL DRIVE SOUTH EASTON MA 02375 5082380199</i> |

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

SCHEDULE 13D
(AMENDMENT NO.1)

Under the Securities Exchange Act of 1934

SPECIALTY CATALOG CORP.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

84748Q-10-3

(CUSIP Number)

Specialty Acquisition Corp.
c/o Kane Kessler, P.C.
1350 Avenue of the Americas
New York, New York 10019
Attn: Jeffrey S. Tullman, Esq.
(212) 541-6222

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

July 20, 2001

(Date of Event which requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box / /.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Specialty Acquisition Corp.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2 (d) or 2 (E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF 0
SHARES

BENEFICIALLY 8 SHARED VOTING POWER
OWNED BY 2,487,815
EACH

REPORTING 9 SOLE DISPOSITIVE POWER
PERSON 0
WITH

10 SHARED DISPOSITIVE POWER

2,487,815

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,487,815

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
57.0%

14 TYPE OF REPORTING PERSON*
CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
First Global Holdings Limited

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Organized under the laws of the British Virgin Islands

7 SOLE VOTING POWER
NUMBER OF SHARES 244,655

BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 8 SHARED VOTING POWER 0

9 SOLE DISPOSITIVE POWER 244,655

10 SHARED DISPOSITIVE POWER 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 244,655

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 5.6%

14 TYPE OF REPORTING PERSON*
CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Oracle Investments and Holdings Limited

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of the British Virgin Islands

7 SOLE VOTING POWER

NUMBER OF
SHARES

244,656

BENEFICIALLY
OWNED BY

8 SHARED VOTING POWER

EACH
REPORTING

0

PERSON
WITH

9 SOLE DISPOSITIVE POWER

244,656

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
244,656

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.6%

14 TYPE OF REPORTING PERSON*

CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of the Cayman Islands

| | | | |
|--|----|--------------------------|---------|
| | 7 | SOLE VOTING POWER | 244,655 |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 8 | SHARED VOTING POWER | 0 |
| | 9 | SOLE DISPOSITIVE POWER | 244,655 |
| | 10 | SHARED DISPOSITIVE POWER | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
244,655

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.6%

14 TYPE OF REPORTING PERSON*
CO

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Marion Naggar Children's Settlement

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2 (d) or 2 (E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of England and Wales

7 SOLE VOTING POWER

NUMBER OF 0
SHARES

BENEFICIALLY 8 SHARED VOTING POWER
OWNED BY 733,966
EACH

REPORTING 9 SOLE DISPOSITIVE POWER
PERSON 0
WITH

10 SHARED DISPOSITIVE POWER

733,966

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
733,966

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
16.9%

14 TYPE OF REPORTING PERSON*
OO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Three Greens Holdings Limited

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of the British Virgin Islands

7 SOLE VOTING POWER

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING

98,376

8 SHARED VOTING POWER

0

PERSON 9 SOLE DISPOSITIVE POWER
WITH

98,376

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
98,376

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.3%

14 TYPE OF REPORTING PERSON*

CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
GA Naggar 1982 Settlement

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2 (d) or 2 (E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of England and Wales

| | | | |
|---|----|--------------------------|--------|
| | 7 | SOLE VOTING POWER | |
| NUMBER OF SHARES | | | 0 |
| BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 8 | SHARED VOTING POWER | |
| | | | 98,376 |
| | 9 | SOLE DISPOSITIVE POWER | |
| | | | 0 |
| | 10 | SHARED DISPOSITIVE POWER | |
| | | | 98,376 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
98,376

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.3%

14 TYPE OF REPORTING PERSON*
OO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Abacus (C.I.) Limited

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of Jersey

7 SOLE VOTING POWER

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

40,111

8 SHARED VOTING POWER

832,342

9 SOLE DISPOSITIVE POWER

40,111

10 SHARED DISPOSITIVE POWER

832,342

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
872,453

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
20.1%

14 TYPE OF REPORTING PERSON*

CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Abacus Trustees (Jersey) Limited

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of Jersey

| | | |
|--------------|---------|------------------------|
| | 7 | SOLE VOTING POWER |
| NUMBER OF | 0 | |
| SHARES | | |
| BENEFICIALLY | 8 | SHARED VOTING POWER |
| OWNED BY | 832,342 | |
| EACH | | |
| REPORTING | 9 | SOLE DISPOSITIVE POWER |
| PERSON | 0 | |
| WITH | | |

| | | |
|--|---------|--------------------------|
| | 10 | SHARED DISPOSITIVE POWER |
| | 832,342 | |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
832,342

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
19.2%

14 TYPE OF REPORTING PERSON*
CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Guy Naggar

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Italian

7 SOLE VOTING POWER
NUMBER OF 408,600
SHARES
BENEFICIALLY 8 SHARED VOTING POWER
OWNED BY 0
EACH
REPORTING 9 SOLE DISPOSITIVE POWER
PERSON
WITH

408,600

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
408,600

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
9.4%

14 TYPE OF REPORTING PERSON*

IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Alexander Enterprise Holding Corp.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2 (d) or 2 (E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

| | | | |
|---|----|--------------------------|--|
| | 7 | SOLE VOTING POWER | |
| NUMBER OF SHARES | | 0 | |
| BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 8 | SHARED VOTING POWER | |
| | | 279,700 | |
| | 9 | SOLE DISPOSITIVE POWER | |
| | | 0 | |
| | 10 | SHARED DISPOSITIVE POWER | |
| | | 279,700 | |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
279,700

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
6.45%

14 TYPE OF REPORTING PERSON*
IV

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Nicolas Berggruen

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

7 SOLE VOTING POWER

NUMBER OF
SHARES

0

BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

279,700

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

279,700

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
279,700

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
6.45%

14 TYPE OF REPORTING PERSON*
IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
The David Cicurel Settlement

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of Jersey

7 SOLE VOTING POWER

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

40,111

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

40,111

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
40,111

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
0.9%

CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Martin E. Franklin

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United Kingdom

| | | | |
|--------------|----|--------------------------|---------|
| | 7 | SOLE VOTING POWER | 368,455 |
| NUMBER OF | | | |
| SHARES | | | |
| BENEFICIALLY | 8 | SHARED VOTING POWER | 0 |
| OWNED BY | | | |
| EACH | | | |
| REPORTING | 9 | SOLE DISPOSITIVE POWER | 368,455 |
| PERSON | | | |
| WITH | | | |
| | 10 | SHARED DISPOSITIVE POWER | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
368,455

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
8.5%

14 TYPE OF REPORTING PERSON*

IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Wynnefield Partners Small Cap Value, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2 (d) or 2 (E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF 206,549
SHARES

BENEFICIALLY 8 SHARED VOTING POWER

OWNED BY
EACH
REPORTING
PERSON
WITH

0

9 SOLE DISPOSITIVE POWER

206,549

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
206,549

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
4.8%

14 TYPE OF REPORTING PERSON*
PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

CUSIP No. 84748Q-10-3

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Wynnefield Partners Small Cap Value Offshore Fund, Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO

 6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

| | | | |
|--------------|----|--------------------------|---------|
| | 7 | SOLE VOTING POWER | |
| NUMBER OF | | | 104,008 |
| SHARES | | | |
| BENEFICIALLY | 8 | SHARED VOTING POWER | |
| OWNED BY | | | |
| EACH | | | 0 |
| REPORTING | | | |
| PERSON | 9 | SOLE DISPOSITIVE POWER | |
| WITH | | | 104,008 |
| | | | |
| | 10 | SHARED DISPOSITIVE POWER | |
| | | | 0 |

 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 104,008

 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
 []

 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 2.4%

 14 TYPE OF REPORTING PERSON*
 CO

 *SEE INSTRUCTIONS BEFORE FILLING OUT!

SCHEDULE 13D

 CUSIP No. 84748Q-10-3

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 1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 Wynnefield Partners Small Cap Value, L.P. I

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2 (d) or 2 (E) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

248,050

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

248,050

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
248,050

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.7%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

The Schedule 13D filed May 11, 2001 (the "Schedule 13D") by Specialty Acquisition Corp., Guy Naggar, First Global Holdings Limited, Oracle Investments and Holdings Limited, Ionic Holdings LDC, Marion Naggar Children's Settlement, GA Naggar 1982 Settlement, Abacus (C.I.) Limited, Abacus Trustees (Jersey) Limited, Alexander Enterprise Holding Corp., and Nicolas Berggruen with respect to their beneficial ownership of shares of common stock, par value \$.01 per share, of Specialty Catalog Corp., Inc., a Delaware corporation (the "Company") is hereby amended by this Amendment No. 1 to Schedule 13D (the "Schedule 13D/A1"). Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the previous filing of the Schedule 13D.

Information contained in this statement on Schedule 13D/A1 is as of the date hereof, unless otherwise expressly provided herein.

Item 1. Security and Issuer.

- (i) Name and Issuer: Specialty Catalog Corp. (the "Company")
- (ii) Address of the Principal Executive Offices of Issuer: 21 Bristol Drive, South Easton, MA 02375.
- (iii) Title of Class of Equity Securities to which this Statement relates: Common Stock, \$.01 par value (the "Common Stock").

Item 2. Identity and Background.

(a) (b) (c) This statement is being jointly filed by each of the following persons (collectively, the "Reporting Persons") pursuant to Rule 13d-1(k) promulgated by the Securities and Exchange Commission (the "Commission") pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

Specialty Acquisition Corp., a Delaware corporation ("SAC"), was formed solely for the purpose of effecting the transactions contemplated by the Merger Agreement (as defined below) and has not engaged in any activities except in connection with these transactions. The sole current officer of SAC is Guy Naggar, President. This statement is also being filed by Mr. Naggar, who is employed as an investment banker by Dawnay, Day & Co. Ltd.

This statement is also being filed by First Global Holdings Limited ("First Global"), Ionic Holdings LDC ("Ionic"), Oracle Investments and Holdings Limited ("Oracle"), Three Greens Holdings Limited ("Three Greens"), Marion Naggar Children's Settlement ("Marion Naggar Trust"), and GA Naggar 1982 Settlement ("GA Naggar Trust" and together with the Marion Naggar Trust, the "Trusts") by Abacus (C.I.) Limited, in its

capacity as trustee of each of the Trusts and Abacus Trustees (Jersey)

Limited, in its capacity as trustee of each of the Trusts. The Marion Naggar Trust was formed for the benefit of Marion Naggar's children. Marion Naggar is not a beneficiary or trustee of the Marion Naggar Trust. The GA Naggar Trust was formed for the benefit of Guy Naggar, Marion Naggar, and Mr. and Mrs. Naggar's children. Guy Naggar and Marion Naggar are not trustees of the GA Naggar Trust. First Global, Oracle and Ionic are investment vehicles for the Marion Naggar Trust. Three Greens is an investment vehicle for the GA Naggar Trust. Abacus (C.I.) Limited and Abacus Trustees (Jersey) Limited are the trustees of each of the Trusts.

This statement is also being filed by The David Cicurel Settlement by Abacus (C.I.) Limited, as trustee. The David Cicurel Settlement was formed by David Cicurel, a director of the Company.

This statement is also being filed by Nicolas Berggruen in his capacity as investment advisor to Alexander Enterprise Holding Corp. ("Alexander") and by Alexander in its capacity as a stockholder of the Company.

This statement is also being filed by Martin E. Franklin. Mr. Franklin's principal employment is as Chairman and Chief Executive Officer of Marlin Holdings, Inc.

This statement is also being filed by Wynnefield Partners Small Cap Value, L.P. ("Wynnefield Partners"), Wynnefield Partners Small Cap Value Offshore Fund, Ltd. (the "Wynnefield Offshore"), and Wynnefield Partners Small Cap Value, L.P. I ("Wynnefield Partners I"). Wynnefield Capital Management, LLC ("WCM"), is the general partner of Wynnefield Partners and Wynnefield Partners I, each a private investment company. Nelson Obus and Joshua Landes are the managing members of WCM and the principal executive officers of Wynnefield Capital, Inc., the investment manager of Wynnefield Offshore, a private investment company.

The address of SAC is:

c/o Kane Kessler, P.C.
1350 Avenue of the Americas, 26th Floor
New York, NY 10019

The address of First Global, Three Greens, and Oracle is:
Geneva Place

2nd Floor
Wickham's Cay
P.O. Box 3339
Road Town

Tortola
British Virgin Islands

The address of Ionic is:
First Home Tower
British American Center
George Town, Grand Cayman
Cayman Islands

The address of Abacus (C.I.) Limited, Abacus Trustees
(Jersey) Limited, the Trusts and The David Cicurel
Settlement is:

La Motte Chambers
St Helier
Jersey Channel Islands
JE1 1BJ

The address of Mr. Naggar is:

c/o Dawnay, Day & Co. Ltd.
15 Grosvenor Gardens
London, England SW1W 0BD

The principal business office for Mr. Berggruen is:

499 Park Avenue
New York, New York 10022

The principal business office for Alexander is:

c/o Midocean Management Ltd.
9 Columbus Centre, Pelican Drive
Road Town
Tortola
British Virgin Islands

The business address and principal office of Mr. Franklin is:

555 Theodore Fremd Avenue
Rye, New York 10580

The business address of Mr. Obus, Mr. Landes, Wynnefield
Partners, Wynnefield Partners I, and Wynnefield Offshore is:

450 Seventh Avenue, Suite 509
New York, New York 10123

(d) (e) During the last five years, none of the Reporting Persons or any other persons required to be identified in this Item 2 pursuant to Instruction C of Schedule 13D (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). During the last five years, none of the Reporting Persons or any other persons required to be identified in this Item 2 pursuant to Instruction C of Schedule 13D was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which any person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Specialty Acquisition Corp. is a Delaware corporation.

Each of Wynnefield Partners and Wynnefield Partners I is a Delaware limited partnership.

Oracle, First Global, and Three Greens were organized under the laws of the British Virgin Islands.

Ionic and Wynnefield Offshore were organized under the laws of the Cayman Islands.

Each of the Trusts were organized under the laws of England and Wales.

Abacus (C.I.) Limited, Abacus Trustees (Jersey) Limited, and The David Cicurel Settlement were organized under the laws of Jersey.

Mr. Naggar is an Italian citizen.

Mr. Franklin is a citizen of the United Kingdom.

Messrs. Berggruen, Obus, and Landes are citizens of the United States of America.

Alexander was organized under the laws of the British Virgin Islands.

The Reporting Persons may constitute a "group" for purposes of Rule 13d-5 under the Exchange Act, with respect to their

beneficial ownership of the Common Stock and are collectively referred to as the "Reporting Group." The Reporting Group expressly disclaims that they have agreed to act as a group other than as described in this statement. The Reporting Persons have entered into a Joint Filing Agreement, a copy of which is filed with this statement as Exhibit 1 (which is incorporated herein by reference). Information with respect to each Reporting Person is given solely by such Reporting Person, and no Reporting Person assumes

responsibility for the accuracy or completeness of the information furnished by another Reporting Person.

Item 3. Source and Amount of Funds or Other Consideration.

On May 4, 2001, a special committee of the board of directors of the Company approved, and the Company and SAC entered into an Agreement and Plan of Recapitalization and Merger (the "Merger Agreement") providing that, upon the terms and subject to the conditions thereof, SAC will merge with and into the Company (the "Merger") with the Company continuing as the surviving corporation.

As of the date of this statement, the Reporting Persons have not paid any funds or other consideration for purchases of the common stock in connection with the transactions contemplated by the Merger Agreement.

If the Merger is consummated, the transactions contemplated by the Merger Agreement, the payment of related transaction fees and expenses and the refinancing, contemporaneously with the consummation of the Merger, will be financed from the following sources:

- (i) Approximately \$2 million additional borrowings and excess cash under the Company's senior credit facility with Fleet Bank;
- (ii) Approximately \$7,500,000 in gross proceeds from the issuance and sale of a potential subordinated debt and warrant investment in SAC. A copy of the non-binding Letter of Intent (the "Letter of Intent") relating to this mezzanine financing is attached as Exhibit 4 to the Schedule 13D; and
- (iii) Approximately \$1.7 million in the aggregate contributed by Alexander and Guy Naggar to SAC; and

In addition, the Reporting Persons intend to have some or all of their Common Stock of the Company rolled into equity of the surviving corporation in the Merger.

The descriptions of the Merger Agreement, and the Letter of Intent do not purport to be complete and are qualified in their entirety by reference to

the complete text thereof, copies of which are filed as Exhibits 2 and 4 to the Schedule 13D, respectively, and incorporated herein by reference.

The information set forth in Item 4 of this Schedule 13D/A1 is hereby incorporated herein by reference.

Item 4. Purpose of Transaction.

The Merger Agreement provides that each issued and outstanding share of Common Stock will be treated in the Merger as follows:

- (a) Each share of Common Stock of the Company (the "Shares"), issued and outstanding immediately prior to the effective time of the Merger (other than the shares, if any, held by the Company in treasury or held by SAC, which will be cancelled, and the shares ("Dissenting Shares") held by stockholders who have exercised their statutory appraisal rights under the Delaware General Corporation Law (the "DGCL")), shall be cancelled and extinguished and be automatically converted into and become a right to receive \$3.75 per share in cash upon surrender in the manner provided in the Merger Agreement.
- (b) Each Share which is issued and held in the treasury of the Company immediately prior to the effective time or issued and outstanding and owned by the Company or by SAC, shall be cancelled and retired, and no payment shall be made with respect thereto.
- (c) Each share of capital stock of SAC issued and outstanding immediately prior to the effective time shall be converted into capital stock of the surviving corporation with the same rights and terms as immediately prior to the Merger.

The Merger is subject to various conditions, including, but not limited to, (i) the adoption of the Merger Agreement and the Merger by the affirmative vote of the holders of the majority of shares of Common Stock, (ii) the absence of any temporary restraining order, injunction or other order issued by any governmental authority or legal restraint or prohibition preventing the consummation of the Merger, and (iii) SAC receiving cash proceeds from debt and equity financing sufficient to consummate transactions contemplated by the Merger Agreement.

As a result of the Merger, (i) the Certificate of Incorporation and By-laws of the surviving corporation will be those of the Company, as in effect immediately prior to the effective time of the Merger, (ii) the Common Stock would cease to be authorized and recorded on any national securities exchange, or over-the-counter market, (iii) the Common Stock would be delisted from registration under the Exchange Act, and (iv) the officers of SAC would become the officers of the surviving corporation and the directors of SAC would become

the directors of the surviving corporation.

Immediately prior to the signing of the Merger Agreement, on May 4, 2001, each of First Global, Ionic, Oracle, Three Greens, Guy Naggar, and Alexander (the "Initial Stockholders") entered into the Stockholders Agreement in respect of the capital stock of SAC. The Stockholders Agreement, in general and among other things, contains a voting agreement reflecting composition of the board of directors, restricts the transfer of securities of SAC, subject to certain exempt transfers, and provides for "take-along"

obligations, "come-along" rights, pre-emptive rights and rights of first offer with respect to the securities of SAC.

Pursuant to the terms of the Stockholders Agreement simultaneously with the closing of the transactions contemplated by the Merger Agreement and immediately prior to the Merger, each of the Reporting Stockholders, together with additional stockholders who execute a subscription agreement, shall purchase additional shares of common stock of SAC by (i) contributing to SAC any or all of their shares of Common Stock of the Company, owned by each stockholder, (ii) making an additional cash contribution to SAC; or (iii) a combination of (i) and (ii) above, in accordance with the terms and conditions of the subscription agreements (collectively, the "Subscription Agreement"), to be entered into by the Company and each of the respective stockholders of SAC. It is intended that at the effective time of the Merger, each of Alexander on the one hand, and Guy Naggar and the Trusts on the other hand, shall hold approximately 26% and 50%, respectively, of the outstanding shares of the Company on a primary basis.

Upon consummation of the Merger, the Stockholders Agreement shall survive and remain in full force and effect as the stockholders agreement of the Company.

The foregoing description of the Stockholders Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of such agreement, a copy of which is filed as Exhibit 3 to the Schedule 13D and is hereby incorporated herein by reference. The information set forth in Item 3 of this Schedule 13D/A1 is hereby incorporated herein by reference.

Other stockholders, certain members of management, and certain members of the Board of Directors of the Company, including Martin Franklin, The David Cicurel Settlement, Wynnefield Partners, Wynnefield Partners I, and Wynnefield Offshore, have been invited to and have determined to participate with the Initial Stockholders in the Merger.

On July 20, 2001, each of the Reporting Persons entered into Subscription Agreements with SAC for a number of shares of SAC. Pursuant to the terms of their respective Subscription Agreements, the Reporting Persons agreed to contribute, immediately prior to the closing of the Merger, a portion of

their shares of Common Stock to SAC in exchange for shares of common stock of SAC. In addition, the subscription agreements entered into by each of Mr. Naggar and Alexander provide that, immediately prior to the closing of the Merger, Mr. Naggar and Alexander shall purchase from SAC an additional number of shares of common stock of SAC.

Among other things, each of the Reporting Persons also agreed (i) to certain voting and transfer restrictions with respect to the portion of their shares of Common Stock of the Company, and (ii) to vote all of their shares of Common Stock of the Company in favor of the Merger and the Merger Agreement.

The foregoing is a brief summary of the material provisions of the Subscription Agreements and does not purport to be complete and is qualified in its entirety by

reference to the complete text of such agreements. A copy of each of Mr. Naggar and Alexander's Subscription Agreement is filed as Exhibit 2 and 3, respectively, to this Schedule 13D/A1 and is hereby incorporated herein by reference. A form of the other Reporting Persons' Subscription Agreement is filed as Exhibit 4 to this Schedule 13D/A1 and is hereby incorporated herein by reference.

Other than as set forth and as disclosed in Item 6 below, none of the Reporting Persons or any other persons required to be identified in Item 2 of this statement pursuant to Instruction C of Schedule 13D has any plans or proposals which relate to or result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

The Reporting Persons expect to evaluate on an ongoing basis the Company's financial condition, business, operations and prospects, the market price for the Common Stock, conditions in the securities markets generally, general economic conditions, conditions affecting the Company's operations and other factors. Accordingly, the Reporting Persons reserve the right to change their plans and intentions at any time, as they deem appropriate. In particular, the Reporting Persons may purchase shares of Common Stock, or may sell or otherwise dispose of all or a portion of the shares of the Common Stock, in public and private transactions and/or may enter into negotiated derivative transactions to hedge the market risk of some or all of their positions in, or to obtain greater exposure to, the shares of the Common Stock. Any such transactions may be effected at any time or from time to time, subject to any applicable limitations imposed on the sale of shares of the Common Stock by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

The Reporting Persons may at any time reconsider and change their plans relating to any of the foregoing.

Item 5. Interest in Securities of the Issuer.

The Company has represented in the Merger Agreement that as of May 4, 2001, there were 4,337,886 shares of Common Stock outstanding. As of the date hereof, the Reporting Persons may be deemed to beneficially own an aggregate of 2,487,815 shares of Common Stock (including 27,200 shares issuable upon the exercise of options exercisable within 60 days of July 20, 2001), or approximately 57.0% of the Common Stock then outstanding.

By virtue of their potential status as a "group" for purposes of Rule 13d-5, each of the members of the Reporting Group may be deemed to have shared voting and dispositive power over the shares owned by other members of the Reporting Group. Neither the filing of this statement nor any of its contents shall be deemed to constitute an admission that any Reporting Person is the beneficial owner of any Common Stock referred to in this statement for the purposes of Section 13(d) of the Act or for any other purpose, and such beneficial ownership is expressly disclaimed.

(a) (b) SAC does not currently directly own any shares of Common Stock. However, pursuant to the Stockholders Agreement and assuming that the Reporting Persons enter into the Subscription Agreements, SAC may be deemed to have beneficial ownership over the 2,487,815 shares of Common Stock (including 27,200 shares issuable upon the exercise of options exercisable within 60 days of the formation of the "group") beneficially owned by the Reporting Persons, constituting approximately 57.0% of the Common Stock of the Company as of July 20, 2001.

First Global has sole voting power and sole dispositive power with respect to 244,655 shares of Common Stock, Oracle has sole voting power and sole dispositive power with respect to 244,656 shares of Common Stock, and Ionic has sole voting power and sole dispositive power with respect to 244,655 shares of Common Stock. The Marion Naggar Trust may be deemed to have shared voting and dispositive power of 733,966 shares of Common Stock, or 16.9% based on 4,337,886 shares of Common Stock outstanding, because it is the sole shareholder of First Global, Oracle and Ionic.

Three Greens has sole voting power and sole dispositive power with respect to 98,376 shares of Common Stock. The GA Naggar Trust may be deemed to have shared voting and dispositive power of 98,376 shares of Common Stock, or 2.3% based on 4,337,886 shares of Common Stock outstanding, because it is the sole shareholder of Three Greens.

First Global disclaims beneficial ownership of any shares owned by Oracle, Three Greens, or Ionic. Oracle disclaims beneficial ownership of any shares owned by First Global, Three Greens, or Ionic. Ionic disclaims beneficial ownership

of any shares owned by Oracle, Three Greens, or First Global. Three Greens disclaims beneficial ownership of any shares owned by Oracle, Ionic, or First Global.

Each of Abacus (C.I.) Limited and Abacus Trustees (Jersey) Limited may be deemed to have shared voting and dispositive power of 832,342 shares of Common Stock, or 19.2% based on 4,337,886 shares of Common Stock outstanding, in their capacity as the trustees of each of the Trusts.

Abacus (C.I.) Limited, as trustee of The David Cicurel Settlement, may be deemed to have sole voting and dispositive power of an additional 40,111 shares of Common Stock, or 0.9% based on 4,337,886 shares of Common Stock outstanding, in its capacity as the trustee of The David Cicurel Settlement but disclaims beneficial ownership over any shares held by The David Cicurel Settlement.

Mr. Naggar beneficially owns an aggregate of 408,600 shares of the Common Stock, or 9.4% based on 4,341,486 shares (adjusted for the

theoretical issuance of the shares Mr. Naggar is deemed to be the beneficial owner of as a result of options to purchase such shares exercisable within 60 days of the date hereof) of Common Stock outstanding. Mr. Naggar is a director of the Company, and has received as part of his compensation as a director an exercisable option to purchase 3,333 shares of Common Stock at a price of \$2.50 per share and an exercisable option (the "Options") to purchase 3,600 shares of Common Stock at a price of \$6.50 per share which are exercisable within 60 days from the date hereof. The market value of the Common Stock is, as of the date hereof, significantly below \$6.50 a share and it is therefore unlikely that such options will be exercised in the immediate future. Mr. Naggar has sole voting and dispositive power with respect to 408,600 shares of the Common Stock, including shares underlying such Options.

Alexander holds 279,700 shares of Common Stock of the Company, or 6.45% of the 4,337,886 outstanding shares (as disclosed in the Merger Agreement). Mr. Berggruen may be deemed to beneficially own the shares of Common Stock held by Alexander since he is the investment advisor to Alexander and has the power to direct the voting and disposition of the shares of Common Stock held by Alexander. As a result, Mr. Berggruen and Alexander may be deemed to share voting and dispositive power with respect to the shares of Common Stock held by Alexander. Alexander and Mr. Berggruen disclaim beneficial ownership of any shares held by any of the other Reporting Persons.

Mr. Franklin beneficially owns an aggregate of 368,455 shares of Common Stock, or 8.5% based on 4,358,153 shares (adjusted for the theoretical issuance of the shares Mr. Franklin is deemed to be the beneficial owner of as a result of options to purchase such shares exercisable within 60 days of the date hereof) of Common Stock outstanding, including 15,000 shares of Common Stock beneficially owned by custodial accounts for each of Mr. Franklin's three minor children (the "Custodial Accounts"). Mr. Franklin has the sole power to vote and the sole power to dispose of the 333,188 shares of Common Stock and 20,267 options he beneficially owns. Mr. Franklin is the custodian of each of the Custodial Accounts, and in such capacity has the power to vote or direct the vote and to dispose or direct the disposition with respect to the 15,000 shares of Common Stock owned by the Custodial Accounts. As the custodian of each of the Custodial Accounts, Mr. Franklin may be deemed to be the beneficial owner of the shares of Common Stock that are owned the Custodial Accounts. Mr. Franklin disclaims beneficial ownership of the shares of Common Stock owned by the Custodial Accounts.

Wynnefield Partners has sole voting power and sole dispositive power with respect to 206,549 shares of Common Stock, Wynnefield Partners I has sole voting power and sole dispositive power with respect to 248,050

shares of Common Stock, and Wynnefield Offshore has sole voting power and sole dispositive power with respect to 104,008 shares of Common Stock. Mr. Obus and Mr. Landes, by virtue of their status as managing members of WCM, the general partner of Wynnefield Partners and Wynnefield Partners I, and as officers of Wynnefield Offshore's investment manager, may be deemed to have indirect beneficial ownership of such shares owned by Wynnefield Partners, Wynnefield Partners I, and Wynnefield Offshore. The shares owned by Wynnefield Partners, Wynnefield Partners I, and Wynnefield Offshore represent approximately 12.88% of the outstanding shares of Common Stock of the Issuer, based on the 4,337,886 shares of Common Stock. Pursuant to Rule 13d-4 of the General Rules and Regulations under the Exchange Act, Mr. Obus and Mr. Landes disclaim beneficial ownership of any shares of Common Stock owned by any of the Reporting Persons and disclaim membership in the Reporting Group with respect to such shares for purposes of Sections 13(d) and 13(g) of the Exchange Act or for any other purpose under any other provision of the Exchange Act or the rules and regulations promulgated thereunder. Mr. Obus and Mr. Landes, by virtue of their status as the managing members of WCM, the general partner of Wynnefield Partners and Wynnefield Partners I, and as officers of Wynnefield Offshore 's investment manager, have the power to vote or to direct the

vote and the power to dispose and to direct the disposition of the shares owned by each of Wynnefield Partners, Wynnefield Partners I, and Wynnefield Offshore.

Pursuant to Rule 13d-4 of the General Rules and Regulations under the Securities Exchange Act of 1934, each of the Reporting Persons disclaims beneficial ownership of any shares of Common Stock held by any of the other Reporting Persons.

- (c) Except for the transactions described herein, there have been no other transactions in the securities of the Company effected by the Reporting Persons in the last 60 days.
- (d) Except as stated within this Item 5, to the knowledge of the Reporting Persons, only the Reporting Persons have the right to receive or the power to direct the receipt of dividends from, or proceeds from the sale of, the shares of Common Stock reported by this statement.
- (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with respect to Securities of the Issuer.

Under Stock Option Exercise Agreements entered into with the Company, each of Mr. Naggar and Mr. Franklin will, at the time of the merger and pursuant to options

granted under the Company's 2000 Stock Incentive Plan, purchase a number of shares of Common Stock of the Company, payment for which shall be made in whole with shares of Common Stock of the Company obtained through the exercise of such options and surrendered in lieu of the payment of cash for such exercise. The Stock Option Exercise Agreements also provide that the purchased shares shall vest in accordance with a vesting schedule set forth therein. Unvested shares are subject to forfeiture upon the option holder's termination of employment with the Company.

The foregoing description of the Stock Option Exercise Agreements does not purport to be complete and is qualified in its entirety by reference to the complete text of such agreements, the form of which is filed as Exhibit 5 to this Schedule 13D/A1 and is hereby incorporated herein by reference..

Except for the agreements described above or in response to Items 3 and 4 of this Schedule 13D/A1, which are hereby incorporated herein by reference, to the best knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) between the persons enumerated in Item 2 of this Schedule 13D/A1, and any other person, with respect to any securities of the Company, including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan

or option agreements, puts or calls, guarantees of profits, divisions of profits or loss, or the giving or withholding of proxies.

Item 7. Material to be Filed as Exhibits.

- Exhibit 1 - Joint Filing Agreement, dated July 31, 2001, by and among First Global Holdings Limited, Oracle Investments and Holdings Limited, Ionic Holdings LDC, Three Greens Holdings Limited, Marion Naggar Children's Settlement, GA Naggar 1982 Settlement, Abacus (C.I.) Limited, Abacus Trustees (Jersey) Limited, Guy Naggar, Nicolas Berggruen, Alexander Enterprise Holding Corp., The David Cicurel Settlement, Martin E. Franklin, Wynnefield Partners Small Cap Value, L.P., Wynnefield Partners Small Cap Value, L.P. I, and Wynnefield Partners Small Cap Value Offshore Fund, Ltd.
- Exhibit 2 - Subscription Agreement, dated July 20, 2001, between Specialty Acquisition Corp. and Guy Naggar
- Exhibit 3 - Subscription Agreement, dated July 20, 2001, between Specialty Acquisition Corp. and Alexander Enterprise Holding Corp.
- Exhibit 4 - Form of Subscription Agreement between Specialty Acquisition Corp. and each of the other Reporting Persons
- Exhibit 5 - Form of draft Stock Option Exercise Agreement

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

SPECIALTY ACQUISITION CORP.

By: /s/ Guy Naggar

Name: Guy Naggar

Title: President

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

FIRST GLOBAL HOLDINGS LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

IONIC HOLDINGS LDC

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

ORACLE INVESTMENTS AND HOLDINGS LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin

Title: Director

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

MARION NAGGAR CHILDREN'S SETTLEMENT

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin

Title: Director, Abacus (C.I.)

Limited and Abacus Trustees (Jersey)
Limited, Trustees

SIGNATURE

After reasonable inquiry and to the best of my knowledge and

belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

ABACUS TRUSTEES (JERSEY) LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin

Title: Director

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

ABACUS (C.I.) LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin

Title: Director

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

GA NAGGAR 1982 SETTLEMENT

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director, Abacus (C.I.) Limited
and Abacus Trustees (Jersey)
Limited, Trustees

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

THREE GREENS HOLDINGS LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

THE DAVID CICUREL SETTLEMENT

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director, Abacus (C.I.) Limited,
Trustee

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

/s/ Guy Naggar

Guy Naggar

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

/s/ Nicolas Berggruen

Nicolas Berggruen

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

ALEXANDER ENTERPRISE
HOLDING CORP.

By: /s/ Jared Bluestein

Name: Jared Bluestein
Title: Director

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

/s/ Martin E. Franklin

Martin E. Franklin

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

WYNNEFIELD PARTNERS SMALL CAP VALUE, L.P.
By: Wynnefield Capital Management, LLC
General Partner

By: /s/ Nelson Obus

Name: Nelson Obus
Title: Managing Member

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

WYNNEFIELD PARTNERS SMALL CAP VALUE, L.P. I
By: Wynnefield Capital Management, LLC
General Partner

By: /s/ Nelson Obus

Name: Nelson Obus
Title: Managing Member

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 31, 2001

WYNNEFIELD PARTNERS SMALL CAP VALUE
OFFSHORE FUND, LTD.
By: Wynnefield Capital, Inc.

By: /s/ Nelson Obus

Name: Nelson Obus
Title: President

SCHEDULE 13D JOINT FILING AGREEMENT

The undersigned and each other person executing this joint filing agreement (this "Agreement") agree as follows:

The undersigned and each other person executing this Agreement are responsible for the timely filing of such Schedule 13D/A1 and any amendments thereto, and for the completeness and accuracy of the information concerning such person contained therein; but none of the undersigned or any other person executing this Agreement is responsible for the completeness or accuracy of the information statement concerning any other persons making the filing, unless such person knows or has reason to believe that such information is inaccurate.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

In Witness Whereof, the undersigned have either signed this Agreement or caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date set forth below.

Date: July 31, 2001

FIRST GLOBAL HOLDINGS LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

IONIC HOLDINGS LDC

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

ORACLE INVESTMENTS AND
HOLDINGS LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

THREE GREENS HOLDINGS LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

ABACUS TRUSTEES (JERSEY) LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

MARION NAGGAR CHILDRENS'S
SETTLEMENT

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director, Abacus(C.I.)
Limited and Abacus Trustees
(Jersey) Limited, Trustees

THE DAVID CICUREL SETTLEMENT

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director, Abacus (C.I.)
Limited, Trustee

ABACUS (C.I.) LIMITED

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director

GA NAGGAR 1982 SETTLEMENT

By: /s/ Elizabeth Le Poidevin

Name: Elizabeth Le Poidevin
Title: Director, Abacus (C.I.)
Limited and Abacus Trustees
(Jersey) Limited, Trustee

SPECIALTY ACQUISITION CORP.

/s/ Guy Naggar

Guy Naggar

By: /s/ Guy Naggar

Name: Guy Naggar
Title: President

ALEXANDER ENTERPRISE HOLDING CORP.

/s/ Nicolas Berggruen

Nicolas Berggruen

By: /s/ Jared Bluestein

Name: Jared Bluestein
Title: Director

/s/ Martin E. Franklin

Martin E. Franklin

WYNNEFIELD PARTNERS SMALL CAP VALUE, L.P.

By: Wynnefield Capital Management, LLC
General Partner

By: /s/ Nelson Obus

Name: Nelson Obus
Title: Managing Member

WYNNEFIELD PARTNERS SMALL CAP VALUE, L.P.I
By: Wynnefield Capital Management, LLC
General Partner

WYNNEFIELD PARTNERS SMALL CAP VALUE
OFFSHORE FUND, LTD.
By: Wynnefield Capital, Inc.

By: /s/ Nelson Obus

Name: Nelson Obus
Title: Managing Member

By: /s/ Nelson Obus

Name: Nelson Obus
Title: President

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this "Agreement") is made as of July 20, 2001, by and between Specialty Acquisition Corp., a Delaware corporation ("Acquisition Corp."), and the Person named on the signature page hereto (the "Stockholder").

WHEREAS, the Stockholder is a stockholder of Specialty Catalog Corp., a Delaware corporation (the "Company"), and one of several Persons who are or will be investors of Specialty Acquisition Corp.;

WHEREAS, the Company has entered into an Agreement and Plan of Recapitalization and Merger with Acquisition Corp., dated as of May 4, 2001, as amended from time to time in accordance with its terms (the "Merger Agreement"), pursuant to which Acquisition Corp. shall be merged with and into the Company (the "Acquisition"), in accordance with the terms and conditions of the Merger Agreement and the relevant provisions of the DGCL (as defined in the Merger Agreement), and the surviving corporation shall be the Company;

WHEREAS, prior to the consummation of the transactions contemplated by this Agreement and the Merger Agreement, the Stockholder is the record and beneficial owner of the number of shares of the Company's common stock, par value \$0.01 per share (the "Shares"), set forth opposite its name on the Schedule I attached hereto;

WHEREAS, on the terms and subject to the conditions hereof the Stockholders also desire to contribute some or all of their Shares in exchange for shares of common stock of Acquisition Corp. and to purchase shares of common stock of Acquisition Corp. (the "Acquisition Corp. Shares"), in the amounts set forth on Schedule I and Schedule II attached hereto.

NOW, THEREFORE, in order to implement the foregoing and in consideration of the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions.

1.1 Acquisition. The term "Acquisition" shall have the meaning set forth in the preface.

1.2 Agreement. The term "Agreement" shall have the meaning set forth in the preface.

1.3 Closing. The "Closing" for the contribution of Shares in exchange for Acquisition Corp. Shares hereunder and the purchase of Acquisition Corp. Shares shall occur immediately prior to or in connection with the consummation of the Acquisition.

1.4 Closing Date. The term "Closing Date" shall mean the date on which the Closing occurs.

1.5 Company. The term "Company" shall have the meaning set forth in the preface.

1.6 Contributed Shares. The term Contributed Shares shall have the meaning set forth in Section 2.1.

1.7 Merger Agreement. The term "Merger Agreement" shall have the meaning set forth in the preface.

1.9 Permitted Transferee. The term "Permitted Transferee" shall have the meaning set forth in the Stockholders Agreement (as hereinafter defined).

1.10 Person. The term "Person" shall mean any individual, corporation, partnership, limited liability company, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other entity of any nature whatsoever.

1.11 Purchased Shares. The term Purchased Shares shall have the meaning set forth in Section 2.2.

1.15 Shares. The term "Shares" shall have the meaning set forth in the preface.

1.12 Shares Purchase Price. The term Share Purchase Price shall have the meaning set forth in Section 2.2.

1.13 Securities Act. The term "Securities Act" shall mean the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder, as the same may be amended from time to time.

1.8 Stockholder. The term "Stockholder" shall have the meaning set forth in the preface.

1.14 Stockholders Agreement. The term "Stockholders Agreement" shall mean the Stockholders Agreement dated as of May 4, 2001 among Acquisition Corp. and its stockholders, as it may be amended or supplemented thereafter from time to time.

1.16 Subscription Agreements. The term "Subscription Agreements" shall have the meaning set forth in the Stockholders Agreement.

1.17 Transaction Documents. The term "Transaction Documents" means, collectively, (i) each of the Subscription Agreements executed on or about the date hereof by the stockholders of the Company, (ii) the Stockholders Agreement, and (iii) each of the other agreements, documents and instruments executed in connection with the Merger Agreement and the transactions contemplated thereby.

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2. Acquisition of Acquisition Corp. Shares.

2.1 Contribution of Shares. Pursuant to the terms and subject to the conditions set forth in this Agreement, at the Closing, the Stockholder hereby agrees to contribute to Acquisition Corp. the number of Shares indicated opposite the Stockholder's name on Schedule I attached hereto (the "Contributed Shares"), and Acquisition Corp. hereby agrees to receive such contribution in exchange for the number of Acquisition Corp. Shares indicated opposite the Stockholder's name on Schedule I.

2.2 Purchase and Sale of the Acquisition Corp. Shares. At the Closing, upon the terms and subject to the conditions set forth in this Agreement, Acquisition Corp. shall sell, assign, transfer and convey to the Stockholder, and the Stockholder shall purchase and acquire from Acquisition Corp., such number of Acquisition Corp. Shares as specified on Schedule II (the "Purchased Shares") against payment at the Closing of an aggregate amount equal to the Share Purchase Price (as defined below) by wire transfer of immediately available funds to an account specified by Acquisition Corp. in a written notice to the Stockholder prior to the Closing Date. The aggregate purchase price for the Purchased Shares (the "Share Purchase Price") is set forth on Schedule II.

2.3 Closing Events. At the Closing,

(i) the Stockholder shall deliver to Acquisition Corp. the number of Contributed Shares indicated opposite the Stockholder's name on Schedule I; provided that contribution to Acquisition Corp. of the Contributed Shares shall be evidenced by the delivery by the Stockholder to Acquisition Corp. of stock certificates representing such Contributed Shares duly endorsed for transfer or accompanied by duly executed stock powers or forms of assignment; and

(ii) Acquisition Corp. shall deliver to the Stockholder stock certificates representing the Purchased Shares duly endorsed for transfer or accompanied by duly executed stock powers or forms of assignment; and

(iii) Stockholder shall deliver to Acquisition Corp. the amount of the Share Purchase Price by wire transfer of immediately available funds to an account designated by the Acquisition Corp. in writing to Stockholder prior to the Closing.

3. Representations and Warranties.

3.1 Stock Purchase Representations of the Stockholder. The Stockholder represents and warrants to Acquisition Corp. that the statements contained in this Section 3.1 are correct and complete as of the date of this Agreement, with respect to itself:

(a) Power and Authority. The Stockholder has full power and authority to execute and deliver this Agreement and perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of the Stockholder,

enforceable in accordance with its terms and conditions. The Stockholder does not need to give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

(b) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Stockholder is subject or conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Stockholder is a party or by which it is bound or to which any of its assets is subject.

(c) Capital Stock. The Stockholder holds of record and owns beneficially the number of Shares set forth next to its name on Schedule I, free and clear of any restrictions on transfer (other than any restrictions under the Securities Act and state securities laws), taxes, security interests, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. No Stockholder is a party to any option, warrant, purchase right, or other contract or commitment that could require any such Stockholder to sell, transfer, or otherwise dispose of any capital stock of the Company (other than this Agreement).

3.2 Acquisition Corp. Shares Unregistered. The Stockholder acknowledges and represents that the Stockholder has been advised by Acquisition Corp. that:

(a) the offer and sale of the Acquisition Corp. Shares have not been registered under the Securities Act;

(b) the Stockholder must continue to bear the economic risk of the investment in the Acquisition Corp. Shares unless the offer and sale of such Acquisition Corp. Shares complies with the provisions and restrictions contained in the Stockholders Agreement and are subsequently registered under the Securities Act and all applicable state securities laws or an exemption from such registration is available;

(c) there is no established market for the Acquisition Corp. Shares and it is not anticipated that there will be any public market for the Acquisition Corp. Shares in the foreseeable future;

(d) a restrictive legend in the form set forth below and the legends set forth in the Stockholders Agreement shall, upon the request of Acquisition Corp., be placed on the certificates representing the Acquisition Corp. Shares:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS AND OTHER

PROVISIONS SET FORTH IN A SUBSCRIPTION AGREEMENT BETWEEN ACQUISITION CORP. AND _____ DATED AS OF _____, 2001, AS AMENDED AND MODIFIED FROM TIME TO TIME, A COPY OF WHICH MAY BE OBTAINED BY THE HOLDER HEREOF AT THE PRINCIPAL PLACE OF BUSINESS OF SC ACQUISITION CORP. WITHOUT CHARGE"; and

(e) a notation shall be made in the appropriate records of Acquisition Corp. indicating that the Acquisition Corp. Shares are subject to restrictions on transfer and, if Acquisition Corp. should at some time in the future engage the services of a securities transfer agent, appropriate stop-transfer instructions will be issued to such transfer agent with respect to the Acquisition Corp. Shares.

(f) the transfer of Acquisition Corp. Shares shall be restricted pursuant to the provisions of the Stockholders Agreement.

3.3 Additional Investment Representations. The Stockholder represents and warrants that:

(a) such Stockholder's financial situation is such that such Stockholder can afford to bear the economic risk of holding the Acquisition Corp. Shares for an indefinite period of time, has adequate means for providing for such Stockholder's current needs and personal contingencies, and can afford to suffer a complete loss of such Stockholder's investment in the Acquisition Corp. Shares;

(b) such Stockholder's knowledge and experience in financial and business matters is such that such Stockholder is capable of evaluating the merits and risks of the investment in the Acquisition Corp. Shares;

(c) such Stockholder understands that the Acquisition Corp. Shares involve a high degree of risk of loss of such Stockholder's investment therein, there are substantial restrictions on the transferability of the Acquisition Corp. Shares and, following the Closing Date, there will be no public market for the Acquisition Corp. Shares and, accordingly, it may not be possible for such Stockholder to liquidate its investment in case of emergency, if at all;

(d) such Stockholder understands and has taken cognizance of all the risk factors related to the purchase of the Acquisition Corp. Shares and, other than as set forth in this Agreement, no representations or warranties have been made to such Stockholder or its representatives concerning the Acquisition Corp. Shares or Acquisition Corp. or their prospects or other matters;

(e) the Stockholder has been given the opportunity to ask questions of, and to receive answers from, Acquisition Corp. and its representatives concerning Acquisition Corp. and its subsidiaries, the Acquisition, the Stockholders Agreement, Acquisition Corp. organizational documents and the terms and conditions of the purchase

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of the Acquisition Corp. Shares and to obtain any additional information which the such Stockholder deems necessary;

(f) all information which such Stockholder has provided to Acquisition Corp. and Acquisition Corp.'s representatives concerning such Stockholder and such Stockholder's financial position is complete and correct as of the date of this Agreement; and

(g) such Stockholder is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act.

3.4 Representations of Acquisition Corp. Acquisition Corp. represents to the Stockholders that the statements contained in this Section 3.4 are correct and complete as of the date of this Agreement:

(a) Organization and Power. Acquisition Corp. is a corporation validly existing and in good standing under the laws of the State of Delaware, with full power and authority to enter into this Agreement and perform its obligations hereunder.

(b) Authorization. The execution, delivery and performance of this Agreement by Acquisition Corp. and the consummation of the transactions contemplated hereby by Acquisition Corp. have been duly and validly authorized by all requisite corporate action on the part of Acquisition Corp., and no other proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement has been duly executed and delivered by Acquisition Corp., and this Agreement constitutes a valid and binding obligation of Acquisition Corp., enforceable in accordance with its terms and conditions. Acquisition Corp. need not give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Acquisition Corp. is subject or any provision of its charter or bylaws or conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under

any agreement, contract, lease, license, instrument, or other arrangement to which Acquisition Corp. is a party or by which it is bound or to which any of its assets is subject.

(d) Investment. Acquisition Corp. is not acquiring the Shares with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act.

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4. Restrictions; Voting Agreement and Stockholders Agreement.

4.1 Restrictions. The Stockholder agrees that it shall not, except as contemplated by the terms of this Agreement or the Stockholders Agreement, (i) sell, transfer (with or without consideration), pledge or otherwise encumber, assign or otherwise dispose of, or enter into any contract, agreement, option or other arrangement or understanding with respect to the sale, transfer (with or without consideration), pledge, assignment or other disposition of, the Contributed Shares to any person other than to a Permitted Transferee, (ii) enter into any voting arrangement, voting agreement, voting trust, power-of-attorney or otherwise, with respect to the Contributed Shares, except as contemplated by the Merger Agreement, the Stockholder Agreement and this Agreement, (iii) take any other action that would in any way restrict, limit, hinder or interfere with the performance by the Stockholder of the obligations hereunder or the transactions contemplated hereby, or in any way restrict, limit, hinder or interfere with consummation of the transactions contemplated by the Merger Agreement (including the Merger).

4.2 Voting Agreement. The Stockholder hereby agrees to vote all Shares that such Stockholder is entitled to vote at the time of any vote to approve and adopt the Merger Agreement, the Merger and all agreements related to the Merger and any actions related thereto at any meeting of the stockholders of the Company, and at any adjournment thereof (or by written consent in lieu of a meeting), at which such Merger Agreement and other related agreements (or any amended version thereof), or such other actions, are submitted for the consideration and vote of the stockholders of the Company. The Stockholder hereby agrees that it will not vote (or give a written consent with respect to) any Shares in favor of the approval of any (i) Acquisition Proposal (as defined in the Merger Agreement), (ii) reorganization, recapitalization, liquidation or winding up of the Company or any other extraordinary transaction involving the Company, (iii) corporate action the consummation of which would frustrate the purposes, or prevent or delay the consummation, of the transactions contemplated by the Merger Agreement, or (iv) other matter relating to, or in connection with, any of the foregoing matters.

4.3 Termination of Certain Restrictions. The restrictions contained in Sections 4.1 and 4.2 above shall terminate immediately upon the Closing.

4.4 Bound by Provisions of the Stockholders Agreement. The Stockholder hereby agrees that Stockholder has received and read a copy of the Stockholders Agreement. The Stockholder further agrees that by signing this Agreement and accepting the Shares, the Stockholder, as a holder of the Shares, and the Stockholder's successors and transferees, will become parties to the Stockholders Agreement and will be bound by the terms and provisions of the Stockholders Agreement applicable to such Shares, in accordance with Section 2 thereof, including without limitation, provisions applicable to any sale or other disposition of the Shares. Furthermore, the Stockholder agrees that the Shares are subject to the Stockholders Agreement and that this provision will be deemed the Transfer Agreement (as defined in the Stockholders Agreement).

5. Miscellaneous.

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5.1 Transfers to Permitted Transferees. Prior to the transfer of Shares to a Permitted Transferee (other than a transfer in connection with or subsequent to a Sale of the Company), each transferring Stockholder shall deliver to the Company a written agreement of the proposed transferee (a) evidencing such Person's undertaking to be bound by the terms of this Agreement and (b) acknowledging that the Shares transferred to such Person will continue to be Shares for purposes of this Agreement in the hands of such Person. Any transfer or attempted transfer of Shares or Acquisition Corp. Shares in violation of any provision of this Agreement or the Stockholders Agreement shall be void.

5.2 Recapitalizations, Exchanges, Etc., Affecting Acquisition Corp. Shares. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to Acquisition Corp. Shares, to any and all

securities of Acquisition Corp. or any successor or assign of Acquisition Corp. (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution of the Acquisition Corp. Shares, by reason of any dividend payable in Acquisition Corp. Shares, issuance of Acquisition Corp. Shares, combination, recapitalization, reclassification, merger, consolidation or otherwise.

5.3 Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assign.

5.4 Amendment; Waiver. This Agreement may be amended only by a written instrument signed by the parties hereto. No waiver by any party hereto of any of the provisions hereof shall be effective unless set forth in a writing executed by the party so waiving.

5.5 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein.

5.6 Jurisdiction. Any suit, action or proceeding with respect to this Agreement, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of New York, and each of Acquisition Corp. and the Stockholder hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. Each of the Stockholder and Acquisition Corp. hereby irrevocably waives any objections which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any court of competent jurisdiction in the State of Delaware, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum.

5.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, telecopied (with confirmation of receipt), one day after deposit with a reputable overnight delivery service (charges prepaid) and five days after deposit in the Mail (postage prepaid and return receipt

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requested) to the address set forth below or such other address as the recipient party has previously delivered notice to the sending party.

(a) If to Acquisition Corp.:

Mr. Guy Naggar
c/o Kane Kessler, P.C.
1350 Avenue of the Americas
26th Floor
New York, NY 10019
Attention: Jeffrey S. Tullman, Esq.
Telecopier: (212) 245-3009

(b) If to the Stockholder, to the address shown beneath such Stockholder's name on the signature page attached hereto with copies to:

5.8 Integration. This Agreement and the documents referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to the subject matter hereof and thereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein and therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter, other than the Stockholders Agreement. In the event of a conflict between the terms and conditions of this Agreement and the Stockholders Agreement, the terms and conditions of the Stockholders Agreement shall govern.

5.9 Injunctive Relief. The Stockholder and its Permitted Transferees each acknowledges and agrees that a violation of any of the terms of this Agreement will cause Acquisition Corp. irreparable injury for which adequate remedy at law is not available. Accordingly, it is agreed that Acquisition Corp. shall be entitled to an injunction, restraining order or other equitable relief to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction in the United States or any state thereof, in addition to any other remedy to which it may be entitled at law or equity.

5.10 Rights Cumulative; Waiver. The rights and remedies of the Stockholder and Acquisition Corp. under this Agreement shall be cumulative and not exclusive of any rights or remedies which either would otherwise have hereunder or at law or in equity or by statute, and no failure or delay by either party in exercising any right or remedy shall impair any such right or remedy or operate as a waiver of such right or remedy, nor shall any single or partial exercise of any power or right preclude such party's other or further exercise or the exercise of any other power or right. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by either party to exercise any right or privilege hereunder shall be deemed a waiver of

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such party's rights or privileges hereunder or shall be deemed a waiver of such party's rights to exercise the same at any subsequent time or times hereunder.

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5.11 Counterparts. This Agreement may be executed in separate counterparts (including by means of telecopied signature pages), and by different parties on separate counterparts each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Subscription Agreement as of the date first above written.

SPECIALTY ACQUISITION CORP.

By: /s/ Guy Naggar

Name: Guy Naggar
Title: President

STOCKHOLDER

By: /s/ Guy Naggar

Name: Guy Naggar
Address: Dawnay, Day & Co., Ltd.
15 Grosvenor Gardens
London, England SW1W0BD
Telecopier: 011-44-207-828-1984

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SCHEDULE I
Contribution Schedule

<TABLE>
<CAPTION>

| Stockholder | Number of Company Shares Owned | Number of Contributed Shares | Number of Acquisition Corp. Shares |
|--|-----------------------------------|---------------------------------|--|
| <S> | <C> | <C> | <C> |
| Alexander Enterprise Holdings Corp. | 279,700 | 279,700 | 279,667 (1) |
| Guy Naggar | 401,677 | 401,667 | 401,645 (2) |
| First Global Holdings Limited | 244,655 | 244,655 | 244,642 (3) |
| Oracle Investments and Holdings Limited | 244,656 | 244,656 | 244,643 (3) |
| Ionic Holdings LDC | 244,655 | 244,655 | 244,642 (3) |
| Three Greens Holdings Limited | 98,376 | 98,376 | 98,370 (4) |
| Martin Franklin | 348,188 | 109,892 | 109,892 |
| The David Cicurel Settlement | 40,111 | 12,659 | 12,659 |
| LEG Partners III SBIC, L.P. | 602,689 | 190,215 | 190,215 |
| Wynnefield Partners Small Cap Value, L.P. | 206,549 | 65,190 | 65,190 |
| Wynnefield Partners Small Cap Value, L.P. I | 248,050 | 78,287 | 78,287 |
| Wynnefield Partners Small Cap Value Offshore Fund, Ltd. | 104,008 | 32,826 | 32,826 |

</TABLE>

- (1) Pursuant to the Stockholders Agreement, Alexander Enterprise Holdings Corp. holds an additional 33 shares of common stock of Acquisition Corp.
- (2) Pursuant to the Stockholders Agreement, Guy Naggar holds an additional 22 shares of common stock of Acquisition Corp.
- (3) Pursuant to the Stockholders Agreement, each of First Global Holdings Limited, Oracle Investments and Holdings Limited, and Ionic Holdings LDC hold an additional 13 shares of common stock of Acquisition Corp.
- (4) Pursuant to the Stockholders Agreement, Three Greens Holdings Limited holds an additional 6 shares of common stock of Acquisition Corp.

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SCHEDULE II

| Stockholder | Number of acquired Purchased Shares | Share Purchase Price |
|-------------|--|----------------------|
| Guy Naggar | 53,138 | \$199,268 |

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SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this "Agreement") is made as of July 20, 2001, by and between Specialty Acquisition Corp., a Delaware corporation ("Acquisition Corp."), and the Person named on the signature page hereto (the "Stockholder").

WHEREAS, the Stockholder is a stockholder of Specialty Catalog Corp., a Delaware corporation (the "Company"), and one of several Persons who are or will be investors of Specialty Acquisition Corp.;

WHEREAS, the Company has entered into an Agreement and Plan of Recapitalization and Merger with Acquisition Corp., dated as of May 4, 2001, as amended from time to time in accordance with its terms (the "Merger Agreement"), pursuant to which Acquisition Corp. shall be merged with and into the Company (the "Acquisition"), in accordance with the terms and conditions of the Merger Agreement and the relevant provisions of the DGCL (as defined in the Merger Agreement), and the surviving corporation shall be the Company;

WHEREAS, prior to the consummation of the transactions contemplated by this Agreement and the Merger Agreement, the Stockholder is the record and beneficial owner of the number of shares of the Company's common stock, par value \$0.01 per share (the "Shares"), set forth opposite its name on the Schedule I attached hereto;

WHEREAS, on the terms and subject to the conditions hereof the Stockholders also desire to contribute some or all of their Shares in exchange for shares of common stock of Acquisition Corp. and to purchase shares of common stock of Acquisition Corp. (the "Acquisition Corp. Shares"), in the amounts set forth on Schedule I and Schedule II attached hereto.

NOW, THEREFORE, in order to implement the foregoing and in consideration of the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

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1.11 Purchased Shares. The term Purchased Shares shall have the meaning set forth in Section 2.2.

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1.12 Shares Purchase Price. The term Share Purchase Price shall have the meaning set forth in Section 2.2.

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as the same may be amended from time to time.

1.8 Stockholder. The term "Stockholder" shall have the meaning set forth in the preface.

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1.16 Subscription Agreements. The term "Subscription Agreements" shall have the meaning set forth in the Stockholders Agreement.

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2. Acquisition of Acquisition Corp. Shares.

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2.2 Purchase and Sale of the Acquisition Corp. Shares. At the Closing, upon the terms and subject to the conditions set forth in this Agreement, Acquisition Corp. shall sell, assign, transfer and convey to the Stockholder, and the Stockholder shall purchase and acquire from Acquisition Corp., such number of Acquisition Corp. Shares as specified on Schedule II (the "Purchased Shares") against payment at the Closing of an aggregate amount equal to the Share Purchase Price (as defined below) by wire transfer of immediately available funds to an account specified by Acquisition Corp. in a written notice to the Stockholder prior to the Closing Date. The aggregate purchase price for the Purchased Shares (the "Share Purchase Price") is set forth on Schedule II.

2.3 Closing Events. At the Closing,

(i) the Stockholder shall deliver to Acquisition Corp. the number of Contributed Shares indicated opposite the Stockholder's name on Schedule I; provided that contribution to Acquisition Corp. of the Contributed Shares shall be evidenced by the delivery by the Stockholder to Acquisition Corp. of stock certificates representing such Contributed Shares duly endorsed for transfer or accompanied by duly executed stock powers or forms of assignment; and

(ii) Acquisition Corp. shall deliver to the Stockholder stock certificates representing the Purchased Shares duly endorsed for transfer or accompanied by duly executed stock powers or forms of assignment, except that up to 15,000 Purchased Shares may be issued and delivered directly to one employee of the Stockholder or an affiliate thereof who agrees in writing to be bound by the terms and provisions of the Stockholders Agreement; and

(iii) Stockholder shall deliver to Acquisition Corp. the amount of the Share Purchase Price by wire transfer of immediately available funds to an account designated by the Acquisition Corp. in writing to Stockholder prior to the Closing.

3. Representations and Warranties.

3.1 Stock Purchase Representations of the Stockholder. The Stockholder represents and warrants to Acquisition Corp. that the statements contained in this Section 3.1 are correct and complete as of the date of this Agreement, with respect to itself:

(a) Power and Authority. The Stockholder has full power and authority to execute and deliver this Agreement and perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of the Stockholder, enforceable in accordance with its terms and conditions. The Stockholder does not need to give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

(b) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Stockholder is subject or conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Stockholder is a party or by which it is bound or to which any of its assets is subject.

(c) Capital Stock. The Stockholder holds of record and owns beneficially the number of Shares set forth next to its name on Schedule I, free and clear of any restrictions on transfer (other than any restrictions under the Securities Act and state securities laws), taxes, security interests, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. No Stockholder is a party to any option, warrant, purchase right, or other contract or commitment that could require any such Stockholder to sell, transfer, or otherwise dispose of any capital stock of the Company (other than this Agreement).

3.2 Acquisition Corp. Shares Unregistered. The Stockholder acknowledges and represents that the Stockholder has been advised by Acquisition Corp. that:

(a) the offer and sale of the Acquisition Corp. Shares have not been registered under the Securities Act;

(b) the Stockholder must continue to bear the economic risk of the investment in the Acquisition Corp. Shares unless the offer and sale of such Acquisition Corp. Shares complies with the provisions and restrictions contained in the Stockholders Agreement and are subsequently registered under the Securities Act and all applicable state securities laws or an exemption from such registration is available;

(c) there is no established market for the Acquisition Corp. Shares and it is not anticipated that there will be any public market for the Acquisition Corp. Shares in the foreseeable future;

(d) a restrictive legend in the form set forth below and the legends set forth in the Stockholders Agreement shall, upon the request of Acquisition Corp., be placed on the certificates representing the Acquisition Corp. Shares:

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"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS AND OTHER PROVISIONS SET FORTH IN A SUBSCRIPTION AGREEMENT BETWEEN ACQUISITION CORP. AND _____ DATED AS OF _____, 2001, AS AMENDED AND MODIFIED FROM TIME TO TIME, A COPY OF WHICH MAY BE OBTAINED BY THE HOLDER HEREOF AT THE PRINCIPAL PLACE OF BUSINESS OF SC ACQUISITION CORP. WITHOUT CHARGE"; and

(e) a notation shall be made in the appropriate records of Acquisition Corp. indicating that the Acquisition Corp. Shares are subject to restrictions on transfer and, if Acquisition Corp. should at some time in the future engage the services of a securities transfer agent, appropriate stop-transfer instructions will be issued to such transfer agent with respect to the Acquisition Corp. Shares.

(f) the transfer of Acquisition Corp. Shares shall be restricted pursuant to the provisions of the Stockholders Agreement.

3.3 Additional Investment Representations. The Stockholder represents and warrants that:

(a) such Stockholder's financial situation is such that such Stockholder can afford to bear the economic risk of holding the

Acquisition Corp. Shares for an indefinite period of time, has adequate means for providing for such Stockholder's current needs and personal contingencies, and can afford to suffer a complete loss of such Stockholder's investment in the Acquisition Corp. Shares;

(b) such Stockholder's knowledge and experience in financial and business matters is such that such Stockholder is capable of evaluating the merits and risks of the investment in the Acquisition Corp. Shares;

(c) such Stockholder understands that the Acquisition Corp. Shares involve a high degree of risk of loss of such Stockholder's investment therein, there are substantial restrictions on the transferability of the Acquisition Corp. Shares and, following the Closing Date, there will be no public market for the Acquisition Corp. Shares and, accordingly, it may not be possible for such Stockholder to liquidate its investment in case of emergency, if at all;

(d) such Stockholder understands and has taken cognizance of all the risk factors related to the purchase of the Acquisition Corp. Shares and, other than as set forth in this Agreement, no representations or warranties have been made to such Stockholder or its representatives concerning the Acquisition Corp. Shares or Acquisition Corp. or their prospects or other matters;

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(e) the Stockholder has been given the opportunity to ask questions of, and to receive answers from, Acquisition Corp. and its representatives concerning Acquisition Corp. and its subsidiaries, the Acquisition, the Stockholders Agreement, Acquisition Corp. organizational documents and the terms and conditions of the purchase of the Acquisition Corp. Shares and to obtain any additional information which the such Stockholder deems necessary;

(f) all information which such Stockholder has provided to Acquisition Corp. and Acquisition Corp.'s representatives concerning such Stockholder and such Stockholder's financial position is complete and correct as of the date of this Agreement; and

(g) such Stockholder is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act.

3.4 Representations of Acquisition Corp. Acquisition Corp. represents to the Stockholders that the statements contained in this Section 3.4 are correct and complete as of the date of this Agreement:

(a) Organization and Power. Acquisition Corp. is a corporation validly existing and in good standing under the laws of the State of Delaware, with full power and authority to enter into this Agreement and perform its obligations hereunder.

(b) Authorization. The execution, delivery and performance of this Agreement by Acquisition Corp. and the consummation of the transactions contemplated hereby by Acquisition Corp. have been duly and validly authorized by all requisite corporate action on the part of Acquisition Corp., and no other proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement has been duly executed and delivered by Acquisition Corp., and this Agreement constitutes a valid and binding obligation of Acquisition Corp., enforceable in accordance with its terms and conditions. Acquisition Corp. need not give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Acquisition Corp. is subject or any provision of its charter or bylaws or conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Acquisition Corp. is a party or by which it is bound or to which any of its assets is subject.

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(d) Investment. Acquisition Corp. is not acquiring the Shares with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act.

4. Restrictions; Voting Agreement and Stockholders Agreement.

4.1 Restrictions. The Stockholder agrees that it shall not, except as contemplated by the terms of this Agreement or the Stockholders Agreement, (i) sell, transfer (with or without consideration), pledge or otherwise encumber, assign or otherwise dispose of, or enter into any contract, agreement, option or other arrangement or understanding with respect to the sale, transfer (with or without consideration), pledge, assignment or other disposition of, the Contributed Shares to any person other than to a Permitted Transferee, (ii) enter into any voting arrangement, voting agreement, voting trust, power-of-attorney or otherwise, with respect to the Contributed Shares, except as contemplated by the Merger Agreement, the Stockholder Agreement and this Agreement, (iii) take any other action that would in any way restrict, limit, hinder or interfere with the performance by the Stockholder of the obligations hereunder or the transactions contemplated hereby, or in any way restrict, limit, hinder or interfere with consummation of the transactions contemplated by the Merger Agreement (including the Merger).

4.2 Voting Agreement. The Stockholder hereby agrees to vote all Shares that such Stockholder is entitled to vote at the time of any vote to approve and adopt the Merger Agreement, the Merger and all agreements related to the Merger and any actions related thereto at any meeting of the stockholders of the Company, and at any adjournment thereof (or by written consent in lieu of a meeting), at which such Merger Agreement and other related agreements (or any amended version thereof), or such other actions, are submitted for the consideration and vote of the stockholders of the Company. The Stockholder hereby agrees that it will not vote (or give a written consent with respect to) any Shares in favor of the approval of any (i) Acquisition Proposal (as defined in the Merger Agreement), (ii) reorganization, recapitalization, liquidation or winding up of the Company or any other extraordinary transaction involving the Company, (iii) corporate action the consummation of which would frustrate the purposes, or prevent or delay the consummation, of the transactions contemplated by the Merger Agreement, or (iv) other matter relating to, or in connection with, any of the foregoing matters.

4.3 Termination of Certain Restrictions. The restrictions contained in Sections 4.1 and 4.2 above shall terminate immediately upon the Closing.

4.4 Bound by Provisions of the Stockholders Agreement. The Stockholder hereby agrees that Stockholder has received and read a copy of the Stockholders Agreement. The Stockholder further agrees that by signing this Agreement and accepting the Shares, the Stockholder, as a holder of the Shares, and the Stockholder's successors and transferees, will become parties to the Stockholders Agreement and will be bound by the terms and provisions of the Stockholders Agreement applicable to such Shares, in accordance with Section 2 thereof, including without limitation, provisions applicable to any sale or other disposition of the Shares.

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Furthermore, the Stockholder agrees that the Shares are subject to the Stockholders Agreement and that this provision will be deemed the Transfer Agreement (as defined in the Stockholders Agreement).

5. Miscellaneous.

5.1 Transfers to Permitted Transferees. Prior to the transfer of Shares to a Permitted Transferee (other than a transfer in connection with or subsequent to a Sale of the Company), each transferring Stockholder shall deliver to the Company a written agreement of the proposed transferee (a) evidencing such Person's undertaking to be bound by the terms of this Agreement and (b) acknowledging that the Shares transferred to such Person will continue to be Shares for purposes of this Agreement in the hands of such Person. Any transfer or attempted transfer of Shares or Acquisition Corp. Shares in violation of any provision of this Agreement or the Stockholders Agreement shall be void.

5.2 Recapitalizations, Exchanges, Etc., Affecting Acquisition Corp. Shares. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to Acquisition Corp. Shares, to any and all securities of Acquisition Corp. or any successor or assign of Acquisition Corp. (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution of the Acquisition

Corp. Shares, by reason of any dividend payable in Acquisition Corp. Shares, issuance of Acquisition Corp. Shares, combination, recapitalization, reclassification, merger, consolidation or otherwise.

5.3 Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assign.

5.4 Amendment; Waiver. This Agreement may be amended only by a written instrument signed by the parties hereto. No waiver by any party hereto of any of the provisions hereof shall be effective unless set forth in a writing executed by the party so waiving.

5.5 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein.

5.6 Jurisdiction. Any suit, action or proceeding with respect to this Agreement, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of New York, and each of Acquisition Corp. and the Stockholder hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. Each of the Stockholder and Acquisition Corp. hereby irrevocably waives any objections which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any court of competent jurisdiction in the State of Delaware, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum.

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5.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, telecopied (with confirmation of receipt), one day after deposit with a reputable overnight delivery service (charges prepaid) and five days after deposit in the Mail (postage prepaid and return receipt requested) to the address set forth below or such other address as the recipient party has previously delivered notice to the sending party.

(a) If to Acquisition Corp.:

Mr. Guy Naggar
c/o Kane Kessler, P.C.
1350 Avenue of the Americas
26th Floor
New York, NY 10019
Attention: Jeffrey S.Tullman, Esq.
Telecopier: (212) 245-3009

(b) If to the Stockholder, to the address shown beneath such Stockholder's name on the signature page attached hereto with copies to:

5.8 Integration. This Agreement and the documents referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to the subject matter hereof and thereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein and therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter, other than the Stockholders Agreement. In the event of a conflict between the terms and conditions of this Agreement and the Stockholders Agreement, the terms and conditions of the Stockholders Agreement shall govern.

5.9 Injunctive Relief. The Stockholder and its Permitted Transferees each acknowledges and agrees that a violation of any of the terms of this Agreement will cause Acquisition Corp. irreparable injury for which adequate remedy at law is not available. Accordingly, it is agreed that Acquisition Corp. shall be entitled to an injunction, restraining order or other equitable relief to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction in the United States or any state thereof, in addition to any other remedy to which it may be entitled at law or equity.

5.10 Rights Cumulative; Waiver. The rights and remedies of the Stockholder and Acquisition Corp. under this Agreement shall be cumulative and not exclusive of any rights or remedies which either would otherwise have hereunder or at law or in equity or by statute, and no failure or delay by either party in exercising any right or remedy shall impair any such right or remedy or

operate as a waiver of such right or remedy, nor shall any single or partial exercise of any power or right preclude such party's other or further exercise or the exercise of any other

power or right. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by either party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights or privileges hereunder or shall be deemed a waiver of such party's rights to exercise the same at any subsequent time or times hereunder.

5.11 Counterparts. This Agreement may be executed in separate counterparts (including by means of telecopied signature pages), and by different parties on separate counterparts each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Subscription Agreement as of the date first above written.

SPECIALTY ACQUISITION CORP.

By: /s/ Guy Naggar

Name: Guy Naggar
Title: President

STOCKHOLDER

Alexander Enterprise Holding Corp.

By: /s/ Jared Bluestein

Name: Jared Bluestein
Title: Director
Address: 801 Brickell Avenue.,
Suite 2580
Miami, FL 33131

SCHEDULE I
Contribution Schedule

<TABLE>

| Stockholder | Number of Company Shares Owned | Number of Contributed Shares | Number of Acquisition Corp. Shares |
|-------------------------------------|-----------------------------------|---------------------------------|--|
| <S> | <C> | <C> | <C> |
| Alexander Enterprise Holdings Corp. | 279,700 | 279,700 | 279,667 (1) |

| | | | |
|---|---------|---------|-------------|
| Guy Naggar | 401,677 | 401,667 | 401,645 (2) |
| First Global Holdings Limited | 244,655 | 244,655 | 244,642 (3) |
| Oracle Investments and Holdings Limited | 244,656 | 244,656 | 244,643 (3) |
| Ionic Holdings LDC | 244,655 | 244,655 | 244,642 (3) |
| Three Greens Holdings Limited | 98,376 | 98,376 | 98,370 (4) |
| Martin Franklin | 348,188 | 109,892 | 109,892 |
| The David Cicurel Settlement | 40,111 | 12,659 | 12,659 |
| LEG Partners III SBIC, L.P. | 602,689 | 190,215 | 190,215 |
| Wynnefield Partners Small Cap Value, L.P. | 206,549 | 65,190 | 65,190 |
| Wynnefield Partners Small Cap Value, L.P. I | 248,050 | 78,287 | 78,287 |
| Wynnefield Partners Small Cap Value Offshore Fund, Ltd. | 104,008 | 32,826 | 32,826 |

</TABLE>

- (1) Pursuant to the Stockholders Agreement, Alexander Enterprise Holdings Corp. holds an additional 33 shares of common stock of Acquisition Corp.
- (2) Pursuant to the Stockholders Agreement, Guy Naggar holds an additional 22 shares of common stock of Acquisition Corp.
- (3) Pursuant to the Stockholders Agreement, each of First Global Holdings Limited, Oracle Investments and Holdings Limited, and Ionic Holdings LDC hold an additional 13 shares of common stock of Acquisition Corp.
- (4) Pursuant to the Stockholders Agreement, Three Greens Holdings Limited holds an additional 6 shares of common stock of Acquisition Corp.

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SCHEDULE II

<TABLE>

| Stockholder | Number of acquired Purchased Shares | Share Purchase Price |
|------------------------------------|--|----------------------|
| <S> | <C> | <C> |
| Alexander Enterprise Holding Corp. | 392,934 | \$1,473,501 |

</TABLE>

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SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this "Agreement") is made as of July 20, 2001, by and between Specialty Acquisition Corp., a Delaware corporation ("Acquisition Corp."), and the Person named on the signature page hereto (the "Stockholder").

WHEREAS, the Stockholder is a stockholder of Specialty Catalog Corp., a Delaware corporation (the "Company"), and one of several Persons who are or will be investors of Specialty Acquisition Corp.;

WHEREAS, the Company has entered into an Agreement and Plan of Recapitalization and Merger with Acquisition Corp., dated as of May 4, 2001, as amended from time to time in accordance with its terms (the "Merger Agreement"), pursuant to which Acquisition Corp. shall be merged with and into the Company (the "Acquisition"), in accordance with the terms and conditions of the Merger Agreement and the relevant provisions of the DGCL (as defined in the Merger Agreement), and the surviving corporation shall be the Company;

WHEREAS, prior to the consummation of the transactions contemplated by this Agreement and the Merger Agreement, the Stockholder is the record and beneficial owner of the number of shares of the Company's common stock, par value \$0.01 per share (the "Shares"), set forth opposite its name on the Schedule I attached hereto;

WHEREAS, on the terms and subject to the conditions hereof the Stockholders also desire to contribute some or all of their Shares in exchange for shares of common stock of Acquisition Corp. (the "Acquisition Corp. Shares"), in the amounts set forth on Schedule I attached hereto.

NOW, THEREFORE, in order to implement the foregoing and in consideration of the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions.

- 1.1 Acquisition. The term "Acquisition" shall have the meaning set forth in the preface.
- 1.2 Agreement. The term "Agreement" shall have the meaning set forth in the preface.
- 1.3 Closing. The "Closing" for the contribution of Shares in exchange for Acquisition Corp. Shares hereunder shall occur immediately prior to or in connection with the consummation of the Acquisition.
- 1.4 Closing Date. The term "Closing Date" shall mean the date on which the Closing occurs.
- 1.5 Company. The term "Company" shall have the meaning set forth in the preface.
- 1.6 Contributed Shares. The term Contributed Shares shall have the meaning set forth in Section 2.1.
- 1.7 Merger Agreement. The term "Merger Agreement" shall have the meaning set forth in the preface.
- 1.8 Permitted Transferee. The term "Permitted Transferee" shall have the meaning set forth in the Stockholders Agreement (as hereinafter defined).

- 1.9 Person. The term "Person" shall mean any individual, corporation, partnership, limited liability company, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other entity of any nature whatsoever.
- 1.10 Securities Act. The term "Securities Act" shall mean the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder, as the same may be amended from time to time.
- 1.11 Shares. The term "Shares" shall have the meaning set forth in the preface.
- 1.12 Stockholder. The term "Stockholder" shall have the meaning set forth in the preface.
- 1.13 Stockholders Agreement. The term "Stockholders Agreement" shall mean the Stockholders Agreement dated as of May 4, 2001 among Acquisition Corp. and its stockholders, as it may be amended or supplemented thereafter from time to time.
- 1.14 Subscription Agreements. The term "Subscription Agreements" shall have the meaning set forth in the Stockholders Agreement.
- 1.15 Transaction Documents. The term "Transaction Documents" means, collectively, (i) each of the Subscription Agreements executed on or about the date hereof by the stockholders of the Company, (ii) the Stockholders Agreement, and (iii) each of the other agreements, documents and instruments executed in connection with the Merger Agreement and the transactions contemplated thereby.

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2. Acquisition of Acquisition Corp. Shares.

2.1 Contribution of Shares. Pursuant to the terms and subject to the conditions set forth in this Agreement, at the Closing, the Stockholder hereby agrees to contribute to Acquisition Corp. the number of Shares indicated opposite the Stockholder's name on Schedule I attached hereto (the "Contributed Shares"), and Acquisition Corp. hereby agrees to receive such contribution in exchange for the number of Acquisition Corp. Shares indicated opposite the Stockholder's name on Schedule I.

2.2 Closing Events. At the Closing, the Stockholder shall deliver to Acquisition Corp. the number of Contributed Shares indicated opposite the Stockholder's name on Schedule I; provided that contribution to Acquisition Corp. of the Contributed Shares shall be evidenced by the delivery by the Stockholder to Acquisition Corp. of stock certificates representing such Contributed Shares duly endorsed for transfer or accompanied by duly executed stock powers or forms of assignment.

3. Representations and Warranties.

3.1 Stock Purchase Representations of the Stockholder. The Stockholder represents and warrants to Acquisition Corp. that the statements contained in this Section 3.1 are correct and complete as of the date of this Agreement, with respect to itself:

(a) Power and Authority. The Stockholder has full power and authority to execute and deliver this Agreement and perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of the Stockholder, enforceable in accordance with its terms and conditions. The Stockholder does not need to give any notice to, make any filing with, or obtain any authorization, consent or approval of any

government or governmental agency in order to consummate the transactions contemplated by this Agreement.

(b) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Stockholder is subject or conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Stockholder is a party or by which it is bound or to which any of its assets is subject.

(c) Capital Stock. The Stockholder holds of record and owns beneficially the number of Shares set forth next to its name on Schedule I, free and clear of any restrictions on transfer (other than any restrictions under the Securities Act and state securities laws), taxes, security interests, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. No Stockholder is a party to any option, warrant, purchase right, or other contract or commitment that could require any such Stockholder to sell, transfer, or otherwise dispose of any capital stock of the Company (other than this Agreement).

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3.2 Acquisition Corp. Shares Unregistered. The Stockholder acknowledges and represents that the Stockholder has been advised by Acquisition Corp. that:

(a) the offer and sale of the Acquisition Corp. Shares have not been registered under the Securities Act;

(b) the Stockholder must continue to bear the economic risk of the investment in the Acquisition Corp. Shares unless the offer and sale of such Acquisition Corp. Shares complies with the provisions and restrictions contained in the Stockholders Agreement and are subsequently registered under the Securities Act and all applicable state securities laws or an exemption from such registration is available;

(c) there is no established market for the Acquisition Corp. Shares and it is not anticipated that there will be any public market for the Acquisition Corp. Shares in the foreseeable future;

(d) a restrictive legend in the form set forth below and the legends set forth in the Stockholders Agreement shall, upon the request of Acquisition Corp., be placed on the certificates representing the Acquisition Corp. Shares:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS AND OTHER PROVISIONS SET FORTH IN A SUBSCRIPTION AGREEMENT BETWEEN ACQUISITION CORP. AND _____ DATED AS OF _____, 2001, AS AMENDED AND MODIFIED FROM TIME TO TIME, A COPY OF WHICH MAY BE OBTAINED BY THE HOLDER HEREOF AT THE PRINCIPAL PLACE OF BUSINESS OF SC ACQUISITION CORP. WITHOUT CHARGE"; and

(e) a notation shall be made in the appropriate records of Acquisition Corp. indicating that the Acquisition Corp. Shares are subject to restrictions on transfer and, if Acquisition Corp. should at some time in the future engage the services of a securities transfer agent, appropriate stop-transfer instructions will be issued to such transfer agent with respect to the Acquisition Corp. Shares.

(f) the transfer of Acquisition Corp. Shares shall be restricted pursuant to the provisions of the Stockholders Agreement.

3.3 Additional Investment Representations. The Stockholder represents and warrants that:

(a) such Stockholder's financial situation is such that such Stockholder can afford to bear the economic risk of holding the Acquisition Corp. Shares for an indefinite period of time, has adequate means for providing for such Stockholder's current needs and personal contingencies, and can afford to suffer a complete loss of such Stockholder's investment

(b) such Stockholder's knowledge and experience in financial and business matters is such that such Stockholder is capable of evaluating the merits and risks of the investment in the Acquisition Corp. Shares;

(c) such Stockholder understands that the Acquisition Corp. Shares involve a high degree of risk of loss of such Stockholder's investment therein, there are substantial restrictions on the transferability of the Acquisition Corp. Shares and, following the Closing Date, there will be no public market for the Acquisition Corp. Shares and, accordingly, it may not be possible for such Stockholder to liquidate its investment in case of emergency, if at all;

(d) such Stockholder understands and has taken cognizance of all the risk factors related to the purchase of the Acquisition Corp. Shares and, other than as set forth in this Agreement, no representations or warranties have been made to such Stockholder or its representatives concerning the Acquisition Corp. Shares or Acquisition Corp. or their prospects or other matters;

(e) the Stockholder has been given the opportunity to ask questions of, and to receive answers from, Acquisition Corp. and its representatives concerning Acquisition Corp. and its subsidiaries, the Acquisition, the Stockholders Agreement, Acquisition Corp. organizational documents and the terms and conditions of the purchase of the Acquisition Corp. Shares and to obtain any additional information which the such Stockholder deems necessary;

(f) all information which such Stockholder has provided to Acquisition Corp. and Acquisition Corp.'s representatives concerning such Stockholder and such Stockholder's financial position is complete and correct as of the date of this Agreement; and

(g) such Stockholder is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act.

3.4 Representations of Acquisition Corp. Acquisition Corp. represents to the Stockholders that the statements contained in this Section 3.4 are correct and complete as of the date of this Agreement:

(a) Organization and Power. Acquisition Corp. is a corporation validly existing and in good standing under the laws of the State of Delaware, with full power and authority to enter into this Agreement and perform its obligations hereunder.

(b) Authorization. The execution, delivery and performance of this Agreement by Acquisition Corp. and the consummation of the transactions contemplated hereby by Acquisition Corp. have been duly and validly authorized by all requisite corporate action on the part of Acquisition Corp., and no other proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement has been duly executed and delivered by Acquisition Corp., and this Agreement constitutes a valid and binding obligation of Acquisition Corp., enforceable in accordance with its terms and conditions. Acquisition Corp. need not give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Acquisition Corp. is subject or any provision of its charter or bylaws or conflict with, result

in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Acquisition Corp. is a party or by which it is bound or to which any of its assets is subject.

(d) Investment. Acquisition Corp. is not acquiring the Shares with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act.

4. Restrictions; Voting Agreement and Stockholders Agreement.

4.1 Restrictions. The Stockholder agrees that it shall not, except as contemplated by the terms of this Agreement or the Stockholders Agreement, (i) sell, transfer (with or without consideration), pledge or otherwise encumber, assign or otherwise dispose of, or enter into any contract, agreement, option or other arrangement or understanding with respect to the sale, transfer (with or without consideration), pledge, assignment or other disposition of, the Contributed Shares to any person other than to a Permitted Transferee, (ii) enter into any voting arrangement, voting agreement, voting trust, power-of-attorney or otherwise, with respect to the Contributed Shares, except as contemplated by the Merger Agreement, the Stockholder Agreement and this Agreement, (iii) take any other action that would in any way restrict, limit, hinder or interfere with the performance by the Stockholder of the obligations hereunder or the transactions contemplated hereby, or in any way restrict, limit, hinder or interfere with consummation of the transactions contemplated by the Merger Agreement (including the Merger).

4.2 Voting Agreement. The Stockholder hereby agrees to vote all Shares that such Stockholder is entitled to vote at the time of any vote to approve and adopt the Merger Agreement, the Merger and all agreements related to the Merger and any actions related thereto at any meeting of the stockholders of the Company, and at any adjournment thereof (or by written consent in lieu of a meeting), at which such Merger Agreement and other related agreements (or any amended version thereof), or such other actions, are submitted for the consideration and vote of the stockholders of the Company. The Stockholder hereby agrees that it will not vote (or give a written consent with respect to) any Shares in favor of the approval of any (i) Acquisition Proposal (as defined in the Merger Agreement), (ii) reorganization, recapitalization, liquidation or winding up of the Company or any other extraordinary transaction involving the Company, (iii) corporate action the consummation of which would frustrate the purposes, or prevent or delay the consummation, of the transactions contemplated by the Merger Agreement, or (iv) other matter relating to, or in connection with, any of the foregoing matters.

4.3 Termination of Certain Restrictions. The restrictions contained in Sections 4.1 and 4.2 above shall terminate immediately upon the Closing.

4.4 Bound by Provisions of the Stockholders Agreement. The Stockholder hereby agrees that Stockholder has received and read a copy of the Stockholders Agreement. The Stockholder further agrees that by signing this Agreement and accepting the Shares, the Stockholder, as a holder of the Shares, and the Stockholder's successors and transferees, will become parties to the Stockholders Agreement and

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will be bound by the terms and provisions of the Stockholders Agreement applicable to such Shares, in accordance with Section 2 thereof, including without limitation, provisions applicable to any sale or other disposition of the Shares. Furthermore, the Stockholder agrees that the Shares are subject to the Stockholders Agreement and that this provision will be deemed the Transfer Agreement (as defined in the Stockholders Agreement).

5. Miscellaneous.

5.1 Transfers to Permitted Transferees. Prior to the transfer of Shares to a Permitted Transferee (other than a transfer in connection with or subsequent to a Sale of the Company), each transferring Stockholder shall deliver to the Company a written agreement of the proposed transferee (a)

evidencing such Person's undertaking to be bound by the terms of this Agreement and (b) acknowledging that the Shares transferred to such Person will continue to be Shares for purposes of this Agreement in the hands of such Person. Any transfer or attempted transfer of Shares or Acquisition Corp. Shares in violation of any provision of this Agreement or the Stockholders Agreement shall be void.

5.2 Recapitalizations, Exchanges, Etc., Affecting Acquisition Corp. Shares. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to Acquisition Corp. Shares, to any and all securities of Acquisition Corp. or any successor or assign of Acquisition Corp. (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution of the Acquisition Corp. Shares, by reason of any dividend payable in Acquisition Corp. Shares, issuance of Acquisition Corp. Shares, combination, recapitalization, reclassification, merger, consolidation or otherwise.

5.3 Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assign.

5.4 Amendment; Waiver. This Agreement may be amended only by a written instrument signed by the parties hereto. No waiver by any party hereto of any of the provisions hereof shall be effective unless set forth in a writing executed by the party so waiving.

5.5 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein.

5.6 Jurisdiction. Any suit, action or proceeding with respect to this Agreement, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of New York, and each of Acquisition Corp. and the Stockholder hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. Each of the Stockholder and Acquisition Corp. hereby irrevocably waives any objections which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any court of competent jurisdiction in the State of Delaware, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum.

5.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, telecopied (with confirmation of receipt),

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one day after deposit with a reputable overnight delivery service (charges prepaid) and five days after deposit in the Mail (postage prepaid and return receipt requested) to the address set forth below or such other address as the recipient party has previously delivered notice to the sending party.

(a) If to Acquisition Corp.:

Mr. Guy Naggar
c/o Kane Kessler, P.C.
1350 Avenue of the Americas
26th Floor
New York, NY 10019
Attention: Jeffrey S. Tullman, Esq.
Telecopier: (212) 245-3009

(b) If to the Stockholder, to the address shown beneath such Stockholder's name on the signature page attached hereto with copies to:

5.8 Integration. This Agreement and the documents referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to the subject matter hereof and

thereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein and therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter, other than the Stockholders Agreement. In the event of a conflict between the terms and conditions of this Agreement and the Stockholders Agreement, the terms and conditions of the Stockholders Agreement shall govern.

5.9 Injunctive Relief. The Stockholder and its Permitted Transferees each acknowledges and agrees that a violation of any of the terms of this Agreement will cause Acquisition Corp. irreparable injury for which adequate remedy at law is not available. Accordingly, it is agreed that Acquisition Corp. shall be entitled to an injunction, restraining order or other equitable relief to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction in the United States or any state thereof, in addition to any other remedy to which it may be entitled at law or equity.

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5.10 Rights Cumulative; Waiver. The rights and remedies of the Stockholder and Acquisition Corp. under this Agreement shall be cumulative and not exclusive of any rights or remedies which either would otherwise have hereunder or at law or in equity or by statute, and no failure or delay by either party in exercising any right or remedy shall impair any such right or remedy or operate as a waiver of such right or remedy, nor shall any single or partial exercise of any power or right preclude such party's other or further exercise or the exercise of any other power or right. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by either party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights or privileges hereunder or shall be deemed a waiver of such party's rights to exercise the same at any subsequent time or times hereunder.

5.11 Counterparts. This Agreement may be executed in separate counterparts (including by means of telecopied signature pages), and by different parties on separate counterparts each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Subscription Agreement as of the date first above written.

SPECIALTY ACQUISITION CORP.

By: _____
Name:
Title:

STOCKHOLDER

By: _____
Name:
Address:
Telecopier:

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SCHEDULE I
Contribution Schedule

<TABLE>
<CAPTION>

| Stockholder ----- | Number of Company Shares Owned ----- | Number of Contributed Shares ----- | Number of Acquisition Corp. Shares ----- |
|--|--|--|---|
| <S> | <C> | <C> | <C> |
| Alexander Enterprise Holdings Corp. | 279,700 | 279,700 | 279,667 (1) |
| Guy Naggar | 401,677 | 401,667 | 401,645 (2) |
| First Global Holdings Limited | 244,655 | 244,655 | 244,642 (3) |
| Oracle Investments and Holdings Limited | 244,656 | 244,656 | 244,643 (3) |
| Ionic Holdings LDC | 244,655 | 244,655 | 244,642 (3) |
| Three Greens Holdings Limited | 98,376 | 98,376 | 98,370 (4) |
| Martin Franklin | 348,188 | 109,892 | 109,892 |
| The David Cicurel Settlement | 40,111 | 12,659 | 12,659 |
| LEG Partners III SBIC, L.P. | 602,689 | 190,215 | 190,215 |
| Wynnefield Partners Small Cap Value, L.P. | 206,549 | 65,190 | 65,190 |
| Wynnefield Partners Small Cap Value, L.P. I | 248,050 | 78,287 | 78,287 |
| Wynnefield Partners Small Cap Value Offshore Fund, Ltd. | 104,008 | 32,826 | 32,826 |

</TABLE>

- (1) Pursuant to the Stockholders Agreement, Alexander Enterprise Holdings Corp. holds an additional 33 shares of common stock of Acquisition Corp.
- (2) Pursuant to the Stockholders Agreement, Guy Naggar holds an additional 22 shares of common stock of Acquisition Corp.
- (3) Pursuant to the Stockholders Agreement, each of First Global Holdings Limited, Oracle Investments and Holdings Limited, and Ionic Holdings LDC hold an additional 13 shares of common stock of Acquisition Corp.
- (4) Pursuant to the Stockholders Agreement, Three Greens Holdings Limited holds an additional 6 shares of common stock of Acquisition Corp.

STOCK OPTION EXERCISE AGREEMENT

THIS STOCK OPTION EXERCISE AGREEMENT (this "Agreement") is made as of _____, 2001, by and between Specialty Catalog Corp., a Delaware corporation (the "Company"), and the Person named on the signature page hereto (the "Optionee").

WHEREAS, the Optionee is a holder of options (the "Options") granted pursuant to the Company's 2000 Stock Incentive Plan (the "Plan") and evidenced by the Stock Option Agreement (the "Option Agreement") dated _____, 2000, between the Company and Optionee, to purchase the number of shares of common stock ("Common Stock") par value \$.01 per share of the Company set forth opposite Optionee's name on, and on terms indicated in, Schedule I attached hereto;

WHEREAS, the Company has entered into an Agreement and Plan of Recapitalization and Merger with Specialty Acquisition Corp. ("Acquisition Corp."), dated as of May 4, 2001, as amended from time to time in accordance with its terms (the "Merger Agreement"), pursuant to which Acquisition Corp. shall be merged with and into the Company (the "Acquisition"), in accordance with the terms and conditions of the Merger Agreement and the relevant provisions of the DGCL (as defined in the Merger Agreement), and the surviving corporation shall be the Company;

WHEREAS, the Committee (as defined in the Plan) has determined to accelerate the vesting schedule of the options immediately prior to the consummation of the Acquisition such that all of the options will be currently exercisable at such time;

WHEREAS, in connection with the consummation of the transactions contemplated by the Merger Agreement, the Optionee desires to exercise such number of Options to purchase the number of shares of Common Stock set forth opposite its name on Schedule II attached hereto, upon the terms and subject to the conditions hereof; and

WHEREAS, the shares of Common Stock issued to Optionee upon exercise of the Exercised Options shall be subject to the vesting provisions hereof.

NOW, THEREFORE, in order to implement the foregoing and in consideration of the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions.

1.1 Acquisition. The term "Acquisition" shall have the meaning set forth in the preface.

1.2 Acquisition Corp. The term "Acquisition Corp." shall have the meaning set forth in the preface.

1.3 Aggregate Exercise Price. The term "Aggregate Exercise Price" shall have the meaning set forth in Section 2.2.

1.4 Agreement. The term "Agreement" shall have the meaning set forth in the preface.

1.5 Closing. The term "Closing" for the exercise of the Exercised Options and issuance of the Shares shall occur immediately after and in connection with the consummation of the Acquisition.

1.6 Common Stock. The term "Common Stock" shall have the meaning set forth in the preface.

1.7 Company. The term "Company" shall have the meaning set forth in the preface.

1.8 Exercised Options. The term "Exercised Options" shall have the meaning set forth in Section 2.1.

1.9 Merger Agreement. The term "Merger Agreement" shall have the meaning set forth in the preface.

1.10 Option Agreement. The term "Option Agreement" shall have the name set forth in the preface.

1.11 Optionee. The term "Optionee" shall have the meaning set forth in the preface.

1.12 Options. The term "Options" shall have the meaning set forth the preface.

1.13 Person. The term "Person" shall mean any individual, corporation, partnership, limited liability company, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other entity of any nature whatsoever.

1.14 Plan. The term "Plan" shall have the meaning set forth in the preface.

1.15 Securities Act. The term "Securities Act" shall mean the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder, as the same may be amended from time to time.

1.16 Shares. The term "Shares" shall have the meaning set forth in Section 2.1.

1.17 Stockholders Agreement. The term "Stockholders Agreement" shall mean the Stockholders Agreement dated as of May 4, 2001 among Acquisition Corp. and its stockholders, as it may be amended or supplemented thereafter from time to time, which agreement shall, after the Acquisition, become the Stockholders Agreement of the Company.

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1.18 Surrendered Shares. The term "Surrendered Shares" shall have the meaning set forth in Section 2.2.

2. Exercise of Options.

2.1 Exercise of Options. Upon the terms and subject to the conditions set forth in this Agreement, the Optionee hereby elects to purchase the number of shares of Common Stock of Specialty Catalog Corp. as set forth on Schedule II attached hereto (the "Exercised Options"), and the Company hereby agrees to deliver the number of acquired shares set forth on Schedule II attached hereto (the "Shares"). The parties hereto understand and agree that the Company's delivery of the Shares and the effectiveness of the entire Agreement is conditioned upon the occurrence of the Closing.

2.2 Delivery of Purchase Price. Optionee hereby delivers to the Company the Aggregate Exercise Price as set forth on Schedule II attached hereto (the "Aggregate Exercise Price") in respect of the Exercised Options as follows: Payment of the Aggregate Exercise Price shall be made in full with shares of Common Stock, obtained through the exercise of the Exercised Options, and surrendered in lieu of the payment of cash concurrently with such exercise, with the shares of Common Stock so surrendered (the "Surrendered Shares") being valued at the "Value" (as defined below). The Optionee directs the Company to retain so many shares of Common Stock that would otherwise have been delivered by the Company to Optionee upon the exercise of the Exercised Options as equals the number of shares of Common Stock that would have been surrendered to the Company by the Optionee if the Aggregate Exercise Price had been paid with previously issued Common Stock. The sum of (a) the number of shares of Common Stock being purchased upon exercise of the non-surrendered portion of the Exercised Options pursuant hereto and (b) the number of shares of Common Stock underlying the portion of the Exercised Options being surrendered, shall not in any event be greater than the total number of shares of Common Stock purchasable upon the complete exercise of the Exercised Options if the Aggregate Exercise Price were paid in cash. The "Value" of the Exercised Options being surrendered shall equal the remainder derived from subtracting (a) the exercise price of the Exercised Options multiplied by the number of shares of Common Stock underlying the portion of the Exercised Options being surrendered from (b) \$3.75 multiplied by the number of shares of Common Stock underlying the portion of the Exercised Options being surrendered. The Optionee hereby confirms that the aggregate number of shares of Common Stock as to which the Exercised Options are being exercised and surrendered, as well as the number of Shares being acquired by Optionee, are set forth on Schedule II.

3. Vesting Schedule.

3.1 The Shares shall vest and become nonforfeitable in accordance with the schedule set forth on Schedule III attached hereto.

3.2 Notwithstanding the vesting schedule set forth in Schedule III hereof, the vesting schedule may be accelerated by the Board of Directors of the Company in their sole decision.

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3.3 Shares that are vested pursuant to the schedule set forth in Schedule III hereof are "Vested Shares." Shares that are not vested pursuant to Schedule III hereof are "Unvested Shares."

4. Termination.

4.1 Termination. If Optionee is Terminated (as defined in the Plan) for any reason then any Unvested Shares shall revert to the Company and the Shares shall automatically be deemed forfeited and shall be cancelled on the books and records of the Company, unless the Board of Directors of the Company shall determine otherwise and so notifies the Optionee or Optionee's estate in writing within 15 days of such Termination. The Optionee agrees that Optionee will promptly return any certificates representing such Unvested Shares, to the extent issued, to the Company with stock powers endorsed in blank.

4.2 Stock Certificates; Dividends and Stockholder Rights.

(a) Certificates for Shares shall be issued in the Optionee's name and shall be held by the Company until the Shares shall become vested. The Company shall serve as attorney-in-fact for the Optionee during the period during which the Shares are unvested with full power and authority in the Optionee's name to assign and convey to the Company any Shares held by the Company for the Optionee if the Optionee forfeits the shares under the terms of this Agreement. Certificates representing the Shares shall bear the following legend:

The Shares represented by this Stock Certificate may not be sold, exchanged, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of unless the restrictions set forth in the Stock Option Exercise Agreement between the registered holder of these Shares and Specialty Catalog Corp. shall have lapsed.

Upon the vesting of the Shares, the Company shall so notify the Secretary of the Company and the Secretary shall obtain from the Company certificates representing all such shares that have vested, which certificates shall not bear any restrictive endorsement making reference to this Agreement, and shall deliver such certificates to the Optionee.

(b) Upon the issuance of a certificate or certificates representing the Shares, the Optionee shall thereupon be a Optionee and, subject to the provisions of Section 3 hereof, have all the rights of a Optionee with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, however, that such Shares and any new, additional or different securities the Optionee may become entitled to receive with respect to such Shares by virtue of a stock split, dividend or other change in the corporate or capital structure of the Company shall be subject to the vesting and forfeiture provisions, restrictions on transfer and other restrictions set forth in this Agreement.

5. Representations and Warranties.

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5.1 Shares Unregistered. The Optionee acknowledges and represents that the Optionee has been advised by the Company that:

(a) the offer and sale of the Shares has not been registered under the Securities Act;

(b) the Optionee must continue to bear the economic risk of the investment in the Shares unless the offer and sale of such Shares complies with the provisions and restrictions contained in the Stockholders Agreement and are subsequently registered under the Securities Act and all applicable state securities laws or an exemption from such registration is available;

(c) there is no established market for the Shares and it is not anticipated that there will be any public market for the

Shares in the foreseeable future;

(d) restrictive legends, in the form set forth below, shall be placed on the certificates representing the Shares:

"The sale, assignment, transfer, pledge, encumbrance, or other disposition of the shares evidenced by this certificate, or any interest in such shares, is restricted by the terms of a Stockholders Agreement dated May 4, 2001, as it may be amended or modified from time to time, on file at the principal office of the corporation. No such sale, assignment, transfer, pledge, encumbrance or other disposition shall be effective unless and until the terms and conditions of the aforesaid Stockholders Agreement shall have been complied with in full."

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Act"), or under the securities laws of any state, and may not be pledged, hypothecated, sold or transferred unless registered and qualified under the Act and, if applicable, state securities laws, or in the opinion of counsel reasonably satisfactory to the corporation such registration and qualification are not required."

(e) a notation shall be made in the appropriate records of the Company indicating that the Shares are subject to restrictions on transfer and, if the Company should at some time in the future engage the services of a securities transfer agent, appropriate stop-transfer instructions will be issued to such transfer agent with respect to the Shares; and

(f) the transfer of Shares shall be restricted pursuant to the provisions of the Stockholders Agreement.

5.2 Additional Investment Representations. The Optionee advises the Company that:

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(a) Optionee's financial situation is such that Optionee can afford to bear the economic risk of holding the Shares for an indefinite period of time, and can afford to suffer a complete loss of Optionee's investment in the Shares;

(b) Optionee's knowledge and experience in financial and business matters is such that Optionee is capable of evaluating the merits and risks of the investment in the Shares;

(c) Optionee understands that there are substantial restrictions on the transferability of the Shares and there will be no public market for the Shares and, accordingly, it may not be possible for Optionee to liquidate its investment in case of emergency, if at all;

(d) Optionee has been given the opportunity to ask questions of, and to receive answers from, the Company and its representatives concerning the Company and its subsidiaries, the Acquisition, the Stockholders Agreement, and to obtain any additional information which Optionee deems necessary; and

(e) Optionee is either: (i) an "accredited investor", as such term is defined in Rule 501 of Regulation D as promulgated under the Securities Act of 1933, as amended (the "Securities Act") or, (ii) if not an "accredited investor," then the Optionee has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Shares, and in the Optionee's judgment, has obtained sufficient information about the Company or its subsidiaries to evaluate the merits and risks of an investment in the Shares.

5.3 Representations of the Company. The Company represents to the Optionee that the statements contained in this Section 5.3 are correct and complete as of the date of this Agreement:

(a) Organization and Power. The Company is a corporation validly existing and in good standing under the laws of the State of Delaware, with full power and authority to enter into this Agreement and perform its obligations hereunder.

(b) Authorization. The execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby by the Company have been duly and validly authorized by all requisite corporate action on the part of the Company, and no other proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement has been duly executed and delivered by the Company, and this Agreement constitutes a valid and binding obligation of the Company, enforceable in accordance with its terms and conditions. The Company need not give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

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6. Additional Covenants.

6.1 Bound by Provisions of the Stockholders Agreement. The Optionee hereby agrees that Optionee has received and read a copy of the Stockholders Agreement. The Optionee further agrees that by signing this Agreement and accepting the Shares, the Optionee, as a holder of the Shares, and the Optionee's successors and transferees, will become parties to the Stockholders Agreement and will be bound by the terms and provisions of the Stockholders Agreement applicable to such Shares, in accordance with Section 2 thereof, including without limitation, provisions applicable to any sale or other disposition of the Shares. Furthermore, the Optionee agrees that the Shares are subject to the Stockholders Agreement and that this provision will be deemed the Transfer Agreement (as defined in the Stockholders Agreement).

6.2 Tax Matters.

(a) Optionee acknowledges that there may be tax consequences as a result of the exercise, receipt or disposition of the Shares, some of which may be altered if the Optionee makes any election pursuant to Section 83(b) of the Code, and that the Company has advised Optionee to consult a tax advisor regarding the exercise, receipt and disposition of the Shares.

(b) The Company shall pay all taxes (other than any applicable income or similar taxes payable by the Optionee, except as otherwise provided herein) with respect to the issuance of Shares, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance. In addition, in the event that the Optionee is required to pay any taxes in connection with the exercise and sale of the Surrendered Shares on the spread between the exercise price and the fair market value of the Surrendered Shares on the date of exercise, then the Company hereby agrees to reimburse the Optionee in respect of those taxes, together with a "gross-up" payment calculated using the Company's net marginal income tax rate.

6.3 Share Adjustments. In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company assets to stockholders, or any other change affecting shares of the Company's capitalization, the Committee in its discretion may make such adjustments as it may deem appropriate to reflect such change or to fairly preserve the intended benefits of the Plan.

6.4 No Right To Continued Employment. Nothing in this Agreement shall confer upon the Optionee any right with respect to continuance of employment by the Corporation or any of its subsidiaries, nor shall it interfere in any way with the right of the employer to terminate the Optionee's employment at any time. THIS AGREEMENT DOES NOT CONSTITUTE AN EMPLOYMENT CONTRACT. THIS AGREEMENT DOES NOT GUARANTEE EMPLOYMENT FOR THE LENGTH OF TIME OF THE VESTING PERIOD OR FOR ANY PORTION THEREOF.

6.5 Section 83(B) Election. If the Optionee files an election with the Internal Revenue Service to include the fair market value of any Optionee Shares in gross income as of

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the Date of Grant, the Optionee agrees to promptly furnish the Company with a copy of such election, together with the amount of any federal, state, local or

other taxes required to be withheld to enable the Company to claim an income tax deduction with respect to such election.

7. Miscellaneous.

7.1 Recapitalizations, Exchanges, Etc., Affecting Acquisition Corp. Shares. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Shares, to any and all securities of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution of the shares of common stock of Acquisition Corp., by reason of any dividend payable in shares of Common Stock, issuance of shares of Common Stock, combination, recapitalization, reclassification, merger, consolidation or otherwise.

7.2 Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assign.

7.3 Amendment; Waiver. This Agreement may be amended only by a written instrument signed by the parties hereto. No waiver by any party hereto of any of the provisions hereof shall be effective unless set forth in a writing executed by the party so waiving.

7.4 Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan and the Option Agreement constitute the entire agreement and understanding of the parties and supersede in their entirety all prior understandings and agreements of the Company and Optionee with respect to the subject matter hereof, and are governed by Delaware law applicable to contracts executed and to be fully performed therein.

7.5 Further Assurances. Each party hereto shall cooperate and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Agreement.

7.6 Counterparts. This Agreement may be executed in separate counterparts (including by means of telecopied signature pages), and by different parties on separate counterparts each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Stock Option Exercise Agreement as of the date first above written.

SPECIALTY CATALOG CORP.

By: _____
Name:
Title:

OPTIONEE

Name:
Address:

CONSENTED TO BY:

SPECIALTY ACQUISITION CORP.

By: _____
Name:
Title:

SCHEDULE I
OPTIONS HELD

<TABLE>
<CAPTION>

| Optionee | Options to Purchase Number of Shares | Exercise Price Per Share |
|----------|---|--------------------------|
| ----- | ----- | ----- |
| <S> | <C> | <C> |
| | [] | \$----- |

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</TABLE>

SCHEDULE II

<TABLE>
<CAPTION>

| Optionee | Number of Total Options Exercised | Aggregate Exercise Price | Number of Surrendered Shares | Number of Acquired Shares |
|----------|--------------------------------------|-----------------------------|---------------------------------|------------------------------|
| ----- | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> |
| [-----] | [-----] | [-----] | [-----] | [-----] |

</TABLE>

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SCHEDULE III

The Shares shall vest in accordance with the following
schedule:

| Vesting Date | Number of Shares Exercisable |
|--------------|---------------------------------|
| ----- | ----- |
| _____, 200__ | _____ Shares |
| _____, 200__ | _____ Shares |
| _____, 200__ | _____ Shares |

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