

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION

-----X
In re:

Case No. 97-25645-BKC-PGH
Chapter 11

BARON'S STORES, INC.,

Debtor.
-----X

**JOINT PLAN OF LIQUIDATION OF
DEBTOR AND CREDITORS COMMITTEE**

Baron's Stores, Inc. and the Official Unsecured Creditors Committee of Baron's Stores, Inc. propose the following Joint Plan of Liquidation pursuant to Section 1121(a) of the Bankruptcy Code.

ARTICLE I

DEFINITIONS

I. DEFINED TERMS

The following definitions apply in this Joint Plan of Liquidation.

Administrative Expense. All costs and expenses of administration allowed under Sections 503(b) and 507(a) of the Bankruptcy Code, including, without limitation, the actual and necessary costs and expenses of preserving the estate of the Debtor, any actual and necessary expenses of operating the business of the Debtor, all compensation or reimbursement of expenses allowed by the Bankruptcy Court under Sections 330 and 503 of the Bankruptcy Code, and any fees or charges assessed against the estate of the Debtor under Chapter 124, Title 23, United States Code, § 1930.

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Allowed Administrative Expense or Claim. An Administrative Expense or Claim to the extent that:

- (a) a proof of such Administrative Expense or claim is one ✓
 - (i) timely filed, or
 - (ii) deemed filed pursuant to Section 1111(a) of the Bankruptcy Code; and
- (b) such Administrative Expense or Claim is one
 - (i) which is not a Disputed Claim, or
 - (ii) which is allowed (and only to the extent allowed) by a Final Order. ✓

Available Cash. The net cash proceeds from the collection and liquidation of all property and assets of the Debtor's bankruptcy estate.

BankAtlantic. BankAtlantic, a Federal Savings Bank.

Bankruptcy Claims. All claims, rights, and causes of action created in favor of the Estate under the Bankruptcy Code, including but not limited to all claims, rights, and causes of action arising under Sections 542 through 553 of the Bankruptcy Code.

Bankruptcy Code. Title 11 of the United States Code.

Bankruptcy Court. The United States Bankruptcy Court for the Southern District of Florida, or, in the event of such court ceases to exercise jurisdiction over this Chapter 11 case, such court or adjunct thereof that exercises jurisdiction over this Chapter 11 case in lieu of the United States Bankruptcy Court for the Southern District of Florida.

Cash. Cash and cash equivalents, and other readily marketable securities or instruments.

Claim. A claim against the Debtor as defined in Section 101(5) of the Bankruptcy Code.

Confirmation Date. The date on which the Confirmation Order is entered.

Confirmation Order. The order entered by the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

Consummation Date. The date on which all property of the Estate has been liquidated into cash.

Creditors Committee. The Official Unsecured Creditors Committee of Baron's Stores, Inc. appointed by the United States Trustee.

Debtor. Baron's Stores, Inc.

Disputed Claim. An alleged Claim against the Debtor as to which an objection has been timely filed which objection is not the subject of a Final Order and has not been withdrawn, or an alleged Claim proof of which was not timely filed or deemed filed pursuant to Section 1111(a) of the Bankruptcy Code.

Disbursing Agent. Soneet Kapilia, C.P.A., in its capacity as the agent of the Bankruptcy Court to hold and distribute the consideration to be distributed to holders of Allowed Administrative Expenses and Allowed Claims pursuant to the Plan and the Confirmation Order, or such other Person as may be retained by the Creditors Committee for such purpose, after approval of such retention by the Bankruptcy Court.

Effective Date. The first business day which is 30 days after the Confirmation Date if no appeal has been timely filed. If such an appeal has been filed, the Effective

Date shall be the first business day after the Confirmation Order becomes a Final Order.

Estate. The estate created pursuant to Section 541 of the Bankruptcy Code upon commencement of the Debtor's Chapter 11 bankruptcy case.

Filing Date. September 9, 1997.

Final Order. An order of the Bankruptcy Court or the district court as to which

(a) any appeal that has been taken has been finally determined or dismissed, or (b) the time for appeal has expired and no appeal has been timely filed. In the case of

an order of the Bankruptcy Court, the time for appeal, for purpose of this definition,

shall be the time permitted for an appeal to the district court.

Meryl Lanson. Owner of 1 percent of the Debtor's equity interest.

Norman Lanson. The Debtor's President and owner of 99 percent of the Debtor's equity interest.

Debtor's equity interest.

Leases. The Debtor's unexpired non-residential real property leases.

Morrison Litigation. The pending action entitled Baron's Stores, Inc., a Florida

corporation v. Morrison, Brown, Argiz & Co., P.A., a Florida professional association,

Albert Morrison, Jr., Antonio L. Argiz and Manuel Rodriguez, Jr., Case No. 95-22509

in the Circuit of the Court of the 11th Judicial Circuit in and for Dade County, Florida,

General Jurisdiction Division.

Morrison Litigation Rights. The Estate's right to pursue the pending action

entitled Baron's Stores, Inc., a Florida corporation v. Morrison, Brown, Argiz & Co.,

P.A., a Florida professional association, Albert Morrison, Jr., Antonio L. Argiz and

Manuel Rodriguez, Jr., Case No. 95-22509 in the Circuit of the Court of the 11th Judicial Circuit in and for Dade County, Florida, General Jurisdiction Division.

Net Proceeds. The proceeds from the sale of certain of the Leases minus (i) all expenses of sale including, without limitation, the fees and expenses of counsel to the Debtor and counsel to the Creditors Committee relating to the Joint Motion (the "Sale Motion") of Debtor and Creditors' Committee for an Order (A) Authorizing Conduct of an Auction (1) for the Retention of an Agent to Conduct a Going Out of Business Sale of the Debtor's Inventory or, Alternatively, (2) to Sell a Substantial Portion of the Debtor's Business and Related Assets; (B) Authorizing Debtor (1) to Retain the Buxbaum Group/The Ozer Group to Conduct Going Out of Business Sale or, Alternatively, (2) Sell a Substantial Portion of the Debtor's Business and Related Assets and to Assume and Assign Leases; and (C) Approving Certain Notice and Bidding Procedures in Connection Therewith, the auction approved in connection with the Sale Motion, the hearings held in connection with the Sale Motion, the closing of the sale of certain of the leases to B.A.R. Acquisition Corporation ("Purchaser") and the negotiations and documentation in connection with the foregoing and (ii) all costs payable to the landlords of the Leases in connection with the assumption of certain of the Leases and the sale thereof to Purchaser and the payments to the landlord of the Westland lease in connection with the rights of Purchaser to conduct a liquidation sale in such store, including, without limitation, all cure amounts, legal fees and other costs payable to such landlords. Net Proceeds shall be calculated by comparing the value of the offer made to the Debtor by Gordon Brothers for the purchase of its inventory to the value of the offer made to the Debtor by Purchaser for the purchase

of its inventory, its furniture, fixtures and equipment, its executory contracts and its tradename and good will to determine what value, if any, was attributed to the Leases and thereafter subtracting the expenses of sale and cure costs.

Person. An individual, corporation, partnership, joint venture, limited liability company, trust estate, unincorporated organization, a government or any agency or political subdivision thereof, or any other form of legal entity.

Plan. This Joint Plan of Liquidation of Debtor and Creditors Committee and any amendments or modifications hereto.

Post-Confirmation Debtor. The Debtor on and after the Effective Date.

Professional Persons. Attorneys, accountants, appraisers, auctioneers, or other professionals within the meaning of Section 327 of the Bankruptcy Code employed with the Bankruptcy Court's approval.

Pro rata. A calculation meaning proportionately so that for any given distribution the amount of consideration distributed on account of an individual Allowed Claim in a particular class bears the same ratio to the amount of consideration distributed on such date on account of all Allowed Claims in the same Class plus an amount reserved on such date on account of all Disputed Claims in the same class, as the dollar amount of such individual Allowed Claim bears to the total dollar amount of all Allowed Claims and Disputed Claims in that particular class.

Schedules. The Schedules of Assets of Liabilities and Statement of Financial Affairs filed by the Debtor with the Bankruptcy Court pursuant to Bankruptcy Rule 1007, and as may be amended from time to time.

Secured Claim. A Claim to the extent of the amount of such Claim which is secured by a valid, unavoidable lien on or in property of the Debtor's estate (or as determined pursuant to Section 506(a) of the Bankruptcy Code) or based upon a valid Claim for set-off pursuant to Section 553 of the Bankruptcy Code.

Unsecured Claim. A Claim to the extent of the amount of such Claim which is not secured by any valid, unavoidable lien on or in the property of the Debtor's estate.

Undefined Terms. A term used in the Plan and not defined herein but defined in the Bankruptcy Code has the meaning given to that term in the Bankruptcy Code.

ARTICLE II

CLASSIFICATION AND TREATMENT OF ADMINISTRATIVE EXPENSES, CLAIMS AND EQUITY INTERESTS

1. Classification of Claims and Equity Interests.

All Administrative Expenses, Claims and Equity Interests are placed in the following classes.

- (a) Class 1 Claims. Class 1 consists of all Allowed Administrative Expenses. ✓
- (b) Class 2 Claims. Class 2 consists of all Allowed Claims against the Debtor entitled to priority pursuant to Section 507(a) of the Bankruptcy Code.
- (c) Class 3 Claims. Class 3 consists of all Allowed Secured Claims against the Debtor held by BankAtlantic.
- (d) Class 4 Claims. Class 4 consists of all Allowed Unsecured Claims against the Debtor.
- (e) Class 5 Equity Interests. Class 5 consists of all Equity Interests.

2. Treatment.

(a) Impaired Classes Generally. All impaired classes of Claims shall receive the distributions set forth in this Article on account of and in complete satisfaction, release and discharge of all such Allowed Claims.

(b) Class 1 Allowed Administrative Expenses. The Debtor shall pay all Allowed Administrative Expenses in full, in Cash on the date such Administrative Expenses become allowed, except to the extent that the holder of an Allowed Administrative Expense agrees to different treatment.

(c) Class 2 Allowed Priority Claims. All Allowed Priority Claims shall be paid in full, in Cash on the Effective Date, except to the extent that the holder of an Allowed Priority Claim agrees to different treatment.

(d) Class 3 Allowed Secured Claims of BankAtlantic. All Secured Claims of BankAtlantic shall be paid in full, in Cash on the Effective Date or prior thereto.

(e) Class 4 Allowed Unsecured Claims. To the extent of the remaining Available Cash after satisfaction of all Class 1, Class 2, and Class 3 Claims, the holders of allowed Class 4 Claims shall be paid, in Cash, on a pro rata basis. Payment shall be made as soon as practicable after the later of (a) the Consummation Date or (b) date of the entry of any order of the Bankruptcy Court allowing such Claim. The Disbursing Agent shall make an interim distribution or distributions to the holders of Class 4 Claims upon request of the Creditors Committee.

(f) Class 5 Equity Interests. No holder of a Class 5 Equity Interest shall receive any payment or retain any property on account of such Class 5 Equity

interest, and all presently issued and outstanding shares of capital stock of the Debtor shall be cancelled as of the Effective Date.

ARTICLE III

TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED ADMINISTRATIVE EXPENSES AND CLAIMS

1. Characterization of Claims as Disputed.

Pursuant to Section 1111 of the Bankruptcy Code, proof of a Claim is deemed filed under Section 501 of the Bankruptcy Code if that Claim is included in the Schedules, except if the Claim is scheduled as disputed, contingent, or unliquidated. Such a disputed, contingent, or unliquidated Claim must be asserted by its holder by the timely filing of a proof of Claim. If a proof of Claim is not filed in a timely manner, the Claim will be deemed to be disallowed. The Debtor and/or the Creditors Committee shall have authority to object to and contest the allowance of any Claim filed with the Bankruptcy Court, whether or not such Claim was scheduled as disputed, contingent or unliquidated.

2. Reserve for Disputed Administrative and Other Claims.

In determining the amounts of distributions to be made to holders of Allowed Claims, the appropriate pro rata calculations required by the Plan (i) shall be made as if all Disputed Claims were Allowed Claims and all Disputed Administrative Expenses were Allowed Administrative Expenses, in the full amount claimed by the holders thereof and (ii) shall include an appropriate estimate for administrative claims that have not been allowed at the time of such distribution but which are not likely to be disputed. Distributions for holders of Disputed Administrative Expenses and Disputed

Claims shall be deposited by the Disbursing Agent in one or more separated accounts which shall be held in trust for the benefit of holders of Disputed Administrative Expenses and Disputed Claims pending determination of the entitlement thereto.

At such time as a Disputed Administrative Expense or Disputed Claim becomes an Allowed Administrative Expense or Allowed Claim, the distribution reserved for such Administrative Expense or Claim shall be paid from the amounts reserved therefore to the holder of such Administrative Expense or Claim. In the event any Disputed Administrative Expense or Disputed Claim is disallowed, funds held in reserve on account of those disallowed Administrative Expenses or Claims shall be retained pending final disposition of all Disputed Administrative Expenses and Disputed Claims and upon resolution of all such Disputed Administrative Expenses and Disputed Claims, distributed to holders of Allowed Administrative Expenses and Allowed Claims in accordance with the provisions and priorities of the Plan.

ARTICLE IV

IMPLEMENTATION OF THE PLAN

1. Liquidating Plan.

This Plan is a liquidating Plan and does not contemplate the continued operation of the Debtor. After filing its bankruptcy petition and pursuant to orders entered by the Bankruptcy Court after appropriate motions, hearings and notice thereof, the Debtor has sold its inventory, furniture, fixtures and equipment, leases and other assets, free and clear of all liens, claims and interests, except BankAtlantic's first lien, which pursuant to the Bankruptcy Court order approving the sale was reduced to the net proceeds of the purchase price and the second lien of

the Debtor in the amount of the balance of the purchase price with such liens, claims and interests attaching to the proceeds. All remaining property of the Debtor shall be liquidated in due course and in an orderly fashion by the Debtor. All net cash proceeds from such liquidation shall be distributed in accordance with the provisions of the Plan.

2. Morrison Litigation

The Debtor has settled its claim with Morrison, Brown, Argiz & Co., P.A. for \$2.4 million, subject to Bankruptcy Court approval. The Debtor filed a motion to approve the settlement of the Morrison Litigation (the "Morrison Settlement Motion") and the Creditors Committee filed a limited objection to the Morrison Settlement Motion, objecting to the fees and expenses to be awarded to special state court counsel for the Debtor in the Morrison Litigation. The Disbursing Agent shall establish an account for the proceeds of the settlement of the Morrison Litigation and upon Bankruptcy Court approval of the fees, costs and expenses incurred, including without limitation, legal fees, such fees, costs and expenses shall be paid from the funds in such account.

3. Funding and Distribution.

After the Effective Date, the Cash to make the payments as provided by the Plan shall be that which has been and will be generated from the liquidation of all property of the Debtor, including, but not limited to (a) the Morrison Litigation Rights; (b) other Bankruptcy Claims, if any; (c) any other claims which the Debtor may hold; (d) inventory, and/or (e) furniture, fixtures and equipment.

4. In General.

All distributions are to be made by the Disbursing Agent. The Disbursing Agent shall establish such account or accounts as may be necessary to carry out the Plan. Except as set forth herein, the Disbursing Agent shall pay Allowed Administrative Expenses and Allowed Priority Tax Claims in Cash on the Effective Date or as soon thereafter as practicable. Distributions on account of Allowed Claims will occur as soon as practicable after the Effective Date.

The Disbursing Agent shall serve with a bond and shall receive its customary hourly rates, with total compensation not to exceed \$7,500.00 for distribution services rendered plus any expenses incurred pursuant to the Plan.

5. Investment in Cash.

In the period between distributions of Cash, all Cash of the Debtor, shall be invested by the Disbursing Agent in the United States Treasury Bills, interest bearing certificates of deposits, interest bearing savings accounts, and investments permitted by Section 345 of the Bankruptcy Code, using the best efforts of the Disbursing Agent to maximize the rates of interest without increasing the risk of the investment. All interest earned on such Available Cash shall be held by the Disbursing Agent and distributed as part of the Estate in accordance with the Plan.

6. Manner of Payment and Distribution of Unclaimed Property.

Any payment made pursuant to the Plan shall be by check drawn on a domestic bank, or by wire transfer from a domestic bank, at the option of the Disbursing Agent. Any payment under the Plan which is unclaimed after one hundred

eighty (180) days following distribution shall be retained by the Disbursing Agent and redistributed in accordance with the priorities established by the Plan.

7. Setoffs.

The Debtor may, but shall not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever the Debtor may have against the claimant, but neither the failure to do so nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtor of any such claim the Debtor may have against such claimant.

ARTICLE V

TREATMENT OF DEBTOR'S PRINCIPALS

1. Allowance of Claims. The shareholder loans of Meryl Lanson set forth on the Schedules in the sum of \$160,000.00 and shareholder loans of Norman Lanson set forth on the Schedules in the sum of \$60,000 shall be allowed as Class 4 Claims. ✓

2. Compensation. Norman Lanson and Meryl Lanson shall receive the following aggregate compensation:

(a) A consulting fee of \$75,000.00 to assist in the sale of the assets of the Debtor and as a further repayment of the principal on the loans made by Norman Lanson and Meryl Lanson to the Debtor.

(b) The lesser of \$40,000.00 or Norman Lanson's exposure on his guaranties to certain utility companies minus the distribution made under the Plan to certain utility companies, provided that Norman Lanson submits documentation of his guaranties to such utility companies to the Creditors Committee prior to Confirmation;

(c) The lesser of \$80,000.00 or Norman Lanson's exposure on his guaranties with respect to the equipment leases minus the distribution made pursuant to the Plan to Colonial Pacific Leasing, the equipment lessor, unless such equipment leases are assumed and assigned in which event the compensation pursuant to this subparagraph would be zero;

(d) A sum equal to twenty percent of the Net Proceeds of the sale of the Leases, provided that the burden of proof rests with Norman Lanson and Meryl Lanson to prove to the satisfaction of the Creditors Committee and the Bankruptcy Court, prior to the approval of a disclosure statement describing this Plan, that any Net Proceeds exist.

(e) Upon entry of the Confirmation Order approving this Plan, the compensation outlined in this Article V, Section 2 shall be deemed a Class 1 Allowed Administrative Expense Claim, which claim shall be paid within five business days of the date the Confirmation Order is final and nonappealable. ✓

ARTICLE VI

ACCEPTANCE OR REJECTION OF THE PLAN

1. Classes Impaired Under the Plan.

Pursuant to Section 1124 of the Bankruptcy Code, Classes 1,2 and 3 are not impaired and Classes 4 and 5 are impaired under the Plan. The Bankruptcy Court shall, after notice and a hearing, determine any controversy relating to whether any Creditors or holders of Interests, or class of creditors or class of Interests, are impaired under the Plan.

2. Acceptance by Class 4.

Each Creditor holding an allowed Class 4 Claim shall be entitled to vote to accept or reject the Plan. Class 4 Claims shall have accepted the Plan if the holders of at least two-thirds (2/3) in amount and more than (1/2) in number of the allowed Class 4 Claims actually voting in the class have voted to accept the Plan.

3. Deemed Rejection by Class 5.

Because the Plan provides that the holders of Class 5 Equity Interests are not entitled to receive or retain any property under the Plan on account of such Interests unless and until Class 4 Creditors have been paid in full, which in this case is not anticipated to occur, Class 5 is impaired and is not deemed to have accepted the Plan in accordance with Section 1126(g) of the Bankruptcy Code.

4. Presumed Acceptance of the Plan by Classes 1, 2 and 3.

In accordance with Section 1126(f) of the Bankruptcy Code, because Classes 1, 2 and 3 are not impaired under the Plan, these classes are conclusively presumed to have accepted the Plan.

5. Cramdown.

Because Class 5 is deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code, if Class 5 is the only class which accepts the Plan, the Debtor will seek confirmation of the Plan in accordance with Section 1129(b) of the Bankruptcy Code in light of the deemed rejection by Class 5.

ARTICLE VII

EXECUTORY CONTRACTS

All executory contracts and unexpired leases not previously assumed shall be deemed rejected pursuant to the provisions of Section 365 of the Bankruptcy Code as of the Confirmation Date. The Debtor reserves the right at any time prior to the Confirmation Date to assume any and all executory contracts and unexpired leases not previously rejected.

ARTICLE VIII

RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction of this Chapter 11 case pursuant to and for the purposes of the Bankruptcy Code and for the following purposes, among others:

1. To determine any and all objections to the allowance of Administrative Expenses and Claims; ✓
2. To determine the amount of damage, if any, suffered by a party to an executory contract or unexpired lease arising out of the rejection thereof and the allowance of any Claim resulting therefrom;
3. To hear and determine all applications for compensation and reimbursement of expenses of professionals under Section 330 and 331 of the Bankruptcy Code; ✓
4. To recover all assets of the Debtor and property of the bankruptcy estate of the Debtor, wherever located;

5. To determine and to rule upon any compromise of any and all controversies and disputes arising under or in connection with this Plan; ✓

6. To correct any defect, to cure any omission or to reconcile any inconsistency in the Plan or in the Confirmation order as may be necessary or advisable to carry out the intent and purposes of the Plan;

7. To determine the validity, priority and extent of liens, claims and encumbrances upon property of the estate and to determine any questions and issues regarding title to and interests in any order, including injunctions, necessary to enforce the title, rights and powers of the Debtor or debtor-in-possession;

8. To order the sale of any asset included in the estate, free and clear of liens, claims and encumbrances, and to effectuate payments under and performance of the provisions of the Plan;

9. To determine all applications, motions, adversary proceedings and litigated matters indicated or commenced by this Court by the Debtor, or by parties in interest. ✓

10. To hear, determine and enforce collection of any Bankruptcy Claims as may be pursued by the Debtor or by any other person on behalf of the Debtor;

11. To determine such other matters and for such other purposes as may be provided for in the Confirmation Order;

12. To enter a final decree closing this Chapter 11 case; and

13. To hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE IX

RETENTION, ENFORCEMENT AND WAIVER OF CLAIMS

1. Pursuant to Section 1123(b)(3) of the Bankruptcy Code, the Post-Confirmation Debtor shall retain and may enforce any and all claims of the Debtor and/or the Debtor, as debtor-in-possession, including the Morrison Litigation Rights and other Bankruptcy Claims, except such claims as are waived, relinquished or released in accordance with the Plan.
2. The Creditors Committee may assert Bankruptcy Claims on behalf of the Post-Confirmation Debtor.

ARTICLE X

REVESTING

1. On the Effective Date, the Post-Confirmation Debtor shall be revested with all of the property of the estate of the Debtor free and clear of all liens, charges and other interest of creditors arising prior to the Filing Date, except as otherwise provided by the Plan.

ARTICLE XI

OBJECTIONS TO CLAIMS AND INTERESTS

1. Objections to Claims and Interests shall be filed with the Bankruptcy Court by either the Debtor upon the Creditors Committee review and approval or by the Creditors Committee (provided that the Debtor shall not be required to obtain the Creditors Committee's prior approval to reasonable objections of claims to be filed against members of the Creditors Committee) and served upon each holder of such Claims and Interests to which objection is made as soon as practicable, but no later

than within 90 days after the Effective Date. The failure by the Debtor or the Creditors Committee to object to or to re-examine any Claims and Interests shall not be deemed to be a waiver of the right to object or to re-examine such Claims and Interest in whole or in part to determine its allowability for payment. Neither Debtor nor the Creditors Committee shall be required to object to any Claims and Interest where no purpose would be served.

2. Unless otherwise ordered by the Bankruptcy Court, the Debtor or the Creditors Committee shall litigate to a Final Order, settle or withdraw objections to, Disputed Claims and Interests.

3. Payments and distributions to each holder of a Disputed Claim that ultimately becomes an Allowed Claim shall be made in accordance with the provisions of the Plan with respect to the class of Claims to which the respective holder belongs. Such payments shall be made as soon as practicable after the date that the order or judgment allowing such Claim becomes a Final Order.

4. The Debtor shall be authorized, empowered and permitted at any and all times subsequent to the Confirmation Date to enter into an agreement with any creditor providing for the payment or treatment of such creditor's claim upon terms other than those provided in the Plan, provided however, that: (a) no such agreement shall provide for treatment of such creditor's claim more favorable to such creditor than the treatment provided to other creditor of the same class under the Plan; (b) payment or treatment of such creditor's claim under such agreement shall be in full and complete satisfaction of such creditor's claim as evidenced by a release in

satisfaction of such claim signed by the creditor; and (c) the Creditors Committee has approved such agreement.

ARTICLE XII

CONTINUATION OF CREDITORS COMMITTEE

A. Continuation of the Creditors Committee

1. The Creditors Committee shall continue to act and perform its duties in accordance with the applicable provisions of the Bankruptcy Code and fulfill its obligations under the Plan. Fees and expenses incurred by Siegel, Sommers & Schwartz L.L.P. or Schantz, Schatzman, Aaronson & Perlman, P.A. in their capacities as counsel to the Creditors Committee and local counsel to the Creditors Committee and Malnik & Salkin, P.A., counsel to the Debtor, may be paid without further application to the Court upon submission of monthly invoices to the Debtor's counsel Malnik & Salkin, P.A. and Committee counsel, Siegel, Sommers & Schwartz L.L.P. If Malnik & Salkin, P.A. or Siegel, Sommers & Schwartz L.L.P. does not object to any individual invoice within 15 days of the date of such invoice, the Disbursing Agent shall pay the requested fees and expenses to the requesting professional. If an objection is interposed and not resolved then the requesting professional shall make a motion to the Bankruptcy Court seeking approval of its fees and expenses.

B. Termination

1. On the Consummation Date, the duties, powers and responsibilities of the Creditors Committee shall terminate forthwith.

ARTICLE XIII

POST-CONFIRMATION MANAGEMENT

A. Debtor Will No Longer Operate.

1. After the Effective Date, the Debtor will no longer operate. Management of the assets of the Debtor and its estate and the enforcement of the claims which are being retained pursuant to this Plan shall be vested in the Debtor; provided, however, that the Debtor shall not engage in any business or other transactions without the approval of the Court and the Creditors Committee.

B. Best Efforts to Promptly Liquidate.

1. The Debtor shall use its best efforts to promptly liquidate any remaining assets of the estate as soon as practicable at minimal cost and to distribute the proceeds thereof as soon as practicable at minimal cost pursuant to this Plan.

C. Powers of the Debtor.

1. The Debtor may exercise the following powers subject to further order of this Court:

(a) To receive, receipt for and hold the Debtor's estate and to have exclusive possession, control and sole custody thereof;

(b) To establish and maintain accounts at banks or other financial institutions consistent with the requirements of Section 345 of the Bankruptcy Code, in a clearly specified fiduciary capacity, in which all Cash and property of the Debtor's estate may be deposited, and to draw checks or make withdrawals from such accounts;

(c) To seek a determination from the Bankruptcy Court of the allowed amount of any claim against the Debtor and its estate including filing objections

thereto and pursuing any contested matter or adversary proceeding with respect thereto and entering into any compromise or settlement thereof, and to execute any contract, including, without limitation, any release in connection with said compromise or settlement;

(d) To perform any and all acts necessary and appropriate to consummate the Plan and close the case, including, but not limited to, any and all acts necessary to effectuate the dissolution of the Debtor; and

(e) To collect, compromise, settle or discharge the Bankruptcy Claims and in connection therewith the Debtor shall have authority to settle and compromise any Bankruptcy Claim in which the Debtor seeks to recover less than \$25,000.00 with the consent of the Creditors Committee without further order of the Court.

D. Representative of the Estate.

1. In the event the Creditors Committee determines that the Debtor is unable to exercise the powers and duties set forth above, the Creditors Committee may file a motion to designate a representative of the estate pursuant to Bankruptcy Rule 9001(5).

ARTICLE XIV

MODIFICATIONS

1. This Plan may be amended or modified at any time prior to the Confirmation Date. After the Confirmation Date, the Debtor and the Creditors Committee may, with approval of the Court and so long as it does not materially and adversely affect the interests of creditors, remedy any defects or omissions or

reconcile any inconsistencies in this Plan or in the Confirmation Order in such matter as may be necessary to carry out the purposes and intent of this Plan.

ARTICLE XV

CONFIRMATION REQUEST

1. The Debtor and the Creditors Committee, as proponents of the Plan, request confirmation of the Plan in accordance with Section 1129(b) of the Bankruptcy Code.

ARTICLE XVI

EXCULPATIONS

1. The Debtor, the Creditors Committee and each of their respective members, ex-officio members and any of their respective officers, directors, employees, agents, attorneys, accountants and other professionals in such capacities shall neither have nor incur any liability to the Debtor or to any holder of a Claim or Interest for any act or omission in connection with , or arising out of, the Debtor's bankruptcy case, the Plan, including without limitation, the negotiation, formulation, preparation, confirmation, or consummation of the Plan, the Disclosure Statement, any sale of assets pursuant to the Plan, or any contract, instrument, release or other agreement, document, or election made, created or entered into in connection with the Debtor's bankruptcy case, the Plan, any sale of assets pursuant to the Plan or the funds to be distributed under the Plan, and/or the administration of the Debtor's bankruptcy case except, in such case, on account of willful misconduct or gross negligence on the part of a specific person sought to be held so liable or causes of action commenced prior to the Effective Date.

2. Nothing herein shall be construed as constituting a waiver or release by Meryl Lanson or Norman Lanson of any cause of action which they may have individually against Morrison, Brown, Argiz & Co. P.A. or any member thereof individually and any professional person retained by them or the Debtor in connection with the Morrison Litigation.

ARTICLE XVII

MISCELLANEOUS

3. Payment Dates. Whenever any payment or distribution to be made under this Plan shall be done on a day other than a business day, such payment or distribution shall instead be made, without interest, on the immediately following business day.

4. Headings. The headings used in this Plan are inserted for convenience only and neither constitute a portion of this Plan nor in any manner after the construction of the provisions of this Plan.

5. Severability. Should any provision in this Plan be determined to unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Plan.

6. Governing Law. Except to the extent that the Code or other federal law is applicable, the rights, duties and obligations arising under this Plan shall be governed by and construed and enforced in accordance with the laws of the State of Florida.

7. Successors and Assigns. The rights and obligations of any Person named or referred to in the Plan shall be binding upon and shall inure to the benefit of the successors and assigns of such Person.


8. Reservation of Rights. Neither the filing of the Plan by the Debtor or the Creditors Committee nor any statement or provision contained in the Plan, or the Disclosure Statement to accompany the Plan, shall be deemed a waiver of any rights, remedies, defenses or claims by the Debtor, or the Estate, and all such rights, remedies, defenses and claims are hereby specifically reserved.

9. Further Documents and Actions. Upon application by the Debtor and the Creditors Committee, the Court may issue an order directing any necessary party to execute, deliver or join in the execution of any instrument or document, or to perform any act reasonable necessary to effectuate the Plan.

Dated: ~~June~~ ^{July} 7, 1998
Fort Lauderdale, Florida

Baron's Stores, Inc.

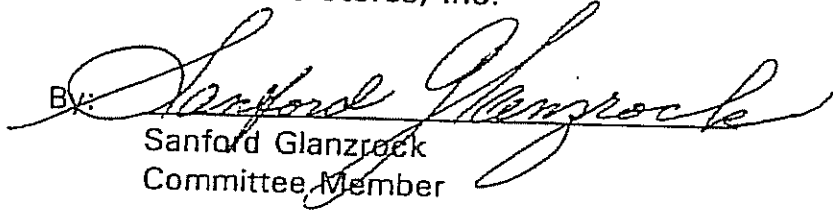
By:


Norman Lanson
President

Dated: June 2, 1998
New York, New York

Official Unsecured Creditors Committee
of Baron's Stores, Inc.

By:


Sanford Glanzrock
Committee Member