

Hearing Date and Time: May 22, 2008 at 3:00 p.m.
Objection Deadline: May 19, 2008

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Attorneys for the Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:	: Chapter 11
	:
NORSTAN APPAREL SHOPS, INC.	: Case No. 05 – 15265 (CEC) (Lead Case)
d/b/a FASHION CENTS, <u>et al.</u> ,	: 05 – 15268 (CEC)
	: (Jointly Administered)
Debtors.	:
	:
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**NOTICE OF MOTION OF THE DEBTORS FOR AN ORDER (I) APPROVING
DISCLOSURE STATEMENT WITH RESPECT TO JOINT PLAN OF
LIQUIDATION; (II) FIXING A RECORD DATE FOR ELIGIBILITY TO VOTE
ON THE PLAN; (III) APPROVING SOLICITATION PACKAGES; (IV)
APPROVING THE FORM OF BALLOT AND FIXING A DEADLINE FOR
VOTING ON THE PLAN; (V) SCHEDULING A HEARING AND ESTABLISHING
NOTICE AND OBJECTION PROCEDURES IN RESPECT OF CONFIRMATION
OF THE PLAN; AND (VI) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that a hearing will be held on May 22, 2008, at 3:00 p.m. or
as soon thereafter as counsel can be heard, before the Honorable Carla E. Craig, Chief United
States Bankruptcy Judge, at the United States Bankruptcy Court for the Eastern District of New
York, 271 Cadman Plaza East, Brooklyn, New York, to consider the annexed Motion of the
Debtors for an Order (I) Approving Disclosure Statement With Respect to Joint Plan of
Liquidation; (II) Fixing a Record Date For Eligibility to Vote on the Plan; (III) Approving

Solicitation Packages; (IV) Approving the Form of Ballot and Fixing a Deadline for Voting on the Plan; (V) Scheduling a Hearing and Establishing Notice and Objection Procedures in Respect of Confirmation of the Plan; and (VI) Granting Related Relief (the “Motion”).

PLEASE TAKE FURTHER NOTICE that the hearing to consider the Motion and any responses thereto may be adjourned from time to time without notice to any creditor or other party-in-interest, other than the announcement of the adjourned date at such hearing.

PLEASE TAKE FURTHER NOTICE that responses to the Motion, if any, must be filed with the Court, together with a copy to the chambers of Chief Judge Craig, and served upon (i) counsel for the Debtors, Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022 (Attn: Merritt A. Pardini, Esq.); (ii) counsel for the Committee, Cooley Godward Kronish LLP, 1114 Avenue of the Americas, New York, New York 10036 (Attn: Jeffrey Cohen, Esq.); and (iii) the Office of the United States Trustee, 271 Cadman Plaza East, Suite 4529, Brooklyn, New York, 11201 (Attn: Jackie Frome, Esq.), so as to be received no later than May 19, 2008.

Dated: New York, New York
April 23, 2008

KATTEN MUCHIN ROSENMAN LLP
Attorneys for Debtors and Debtors-In-Possession

By: /s/ Merritt A. Pardini
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UNITED STATES BANKRUPTCY COURT
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In re:	:
	: Chapter 11
NORSTAN APPAREL SHOPS, INC.	:
d/b/a FASHION CENTS, et al.,	: Case No. 05 – 15265 (CEC) (Lead Case)
	: 05 – 15268 (CEC)
Debtors.	: (Jointly Administered)
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MOTION OF THE DEBTORS FOR AN ORDER (I) APPROVING DISCLOSURE STATEMENT WITH RESPECT TO JOINT PLAN OF LIQUIDATION; (II) FIXING A RECORD DATE FOR ELIGIBILITY TO VOTE ON THE PLAN; (III) APPROVING SOLICITATION PACKAGES; (IV) APPROVING THE FORM OF BALLOT AND FIXING A DEADLINE FOR VOTING ON THE PLAN; (V) SCHEDULING A HEARING AND ESTABLISHING NOTICE AND OBJECTION PROCEDURES IN RESPECT OF CONFIRMATION OF THE PLAN; AND (VI) GRANTING RELATED RELIEF

TO: THE HONORABLE CARLA E. CRAIG,
CHIEF UNITED STATES BANKRUPTCY JUDGE

Norstan Apparel Shops, Inc., d/b/a Fashion Cents (“Norstan Apparel”) and Norstan Delaware Corp. (“Norstan Delaware”) (and together with Norstan Apparel, the “Debtors”), file this motion (the “Motion”) for approval of their proposed Disclosure Statement for Debtors’ Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, dated April 23, 2008, as may be amended (the “Disclosure Statement”) which is being filed with this Court

contemporaneously with the filing of this Motion, and for related relief, and respectfully represent as follows:

Summary of Relief Requested

1. By this Motion, and pursuant to sections 105(a), 1125, 1126 and 1128 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002, 3016, 3017, and 3020 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 3017-1 of the E.D.N.Y Local Bankruptcy Rules, the Debtors seek entry of an order substantially in the form attached hereto (the “Disclosure Statement Approval Order”): (i) approving the Disclosure Statement which supports the Debtors’ Plan of Liquidation Under Chapter 11 of the Bankruptcy Code (the “Plan”); (ii) fixing a record date for purposes of voting on the Plan; (iii) approving the Solicitation Packages (as defined below) and procedures for distribution thereof relating to the Plan; (iv) approving the form of ballot (the “Ballot”) substantially in the form attached hereto as Exhibit “A” and establishing procedures for voting on the Plan; (v) scheduling a hearing and establishing notice and objection procedures in respect of confirmation of the Plan; and (vi) granting other related relief described herein.

Jurisdiction

2. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

3. On April 8, 2005, (the “Petition Date”), the Debtors filed with the Court their petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are currently managing

their affairs as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. No trustee or examiner has been appointed in this case. On April 14, 2005, the Office of the United States Trustee appointed a committee of unsecured creditors pursuant to sections 1102 of the Bankruptcy Code (the “Committee”). The Committee has engaged Cooley Godward Kronish LLP to act as its counsel.

5. Norstan Apparel is wholly owned by Norstan Delaware, which, in turn, is wholly owned by NAS Holdings Corp., a Delaware corporation that is not a debtor or debtor-in-possession in these chapter 11 cases.

6. As of the Petition Date, Norstan Apparel operated 229 retail stores selling women’s apparel. Shortly after the Petition Date, the Debtors sold substantially all of their assets – consisting primarily of leasehold interests in their retail stores – to a consortium of five purchasers. Subsequent to the closing of that sale, the Debtors, the Committee and the Debtors’ secured and subordinated lenders set about the task of pursuing litigation against third parties, winding down of the Debtors’ estates, preparing the Plan and reconciling claims filed against the Debtors’ estates. It was determined that these tasks would be most efficiently handled by a professional management firm familiar with the winding down of chapter 11 estates. Accordingly, and with this Court’s approval, the Debtors retained the professional management firm of NachmanHaysBrownstein, Inc. (“NHB”). Litigation to recover avoidable transfers has been pursued exclusively by the Committee on behalf of the estates. The Debtors’ only remaining employee is its Chief Administrative Officer, Mr. John Palmer, a principal of NHB.

The Plan and Disclosure Statement

7. On April 23, 2008, the Debtors filed with this court the Disclosure Statement and Plan. The Plan is a plan of liquidation and contemplates that all of the Debtors' cash assets will be distributed to creditors in accordance with the priority scheme established by Congress in the Bankruptcy Code. The following table summarizes the classes of claims under the Plan and indicates whether the class is impaired and eligible to vote.

<u>Class</u>	<u>Designation</u>	<u>Impaired</u>	<u>Entitled to Vote</u>
N/A	Administrative Claims	N/A	N/A
N/A	Priority Tax Claims	N/A	N/A
N/A	Professional Compensation Claims	N/A	N/A
N/A	DIP Lender Claims	N/A	N/A
1	Subordinated Lenders Claims	No	No
2	Other Secured Claims	No	No
3	Priority Non-Tax Claims	No	No
4	General Unsecured Claims	Yes	Yes
5	Equity Interests of Norstan Delaware	Yes	No
6	Equity Interests of Norstan Apparel	Yes	No

As described in the Disclosure Statement and Plan, the Debtors' cash assets will be first used to pay all allowed Administrative Claims, Priority Tax Claims, Priority Non-Tax Claims, and Professional Compensation Claims. DIP Lender and Subordinated Lenders Claims will be paid pursuant to negotiated settlement agreements among the DIP Lenders, the Subordinated Lenders, the Committee and the estates that were approved by and/or disclosed to the Court. After the establishment of the Expense Reserve and the Claims Reserve (which as defined in the Plan, are to hold funds in respect of disputed claims), the Debtors' residual cash assets will be distributed pro rata to holders of the General Unsecured Claims. Holders of Equity Interests of Norstan Delaware and Norstan Apparel will receive no distribution under the Plan.

Relief Requested

8. The Debtors respectfully request that the Court (i) approve the Disclosure Statement; (ii) fix the record date for eligibility to vote on the Plan; (iii) approve the Solicitation Packages (as defined below) and procedures for their distribution; (iv) approve the form of Ballot and establish procedures for voting on the Plan; (v) schedule a hearing and establish notice and objection procedures in respect of confirmation of the Plan; and (vi) grant other related relief as detailed below.

A. Approval of the Disclosure Statement

9. Section 1125 of the Bankruptcy Code requires a plan proponent to provide holders of impaired claims with “adequate information” regarding a proposed plan of liquidation:

“[A]dequate information” means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records . . . that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan

11 U.S.C. § 1125(a)(1). Thus, a disclosure statement must, as a whole, provide information that is “reasonably practicable” to permit an “informed judgment” by impaired creditors entitled to vote on the plan. See Momentum Mfg. Corp. v. Employee Creditors Comm. (In re Momentum Mfg. Corp.), 25 F.3d 1132, 1136 (2d Cir. 1994); see also In re Copy Crafters Quickprint Inc., 92 B.R. 973, 979 (Bankr. N.D.N.Y. 1988) (adequacy of disclosure statement “is to be determined on a case-specific basis under a flexible standard that can promote the policy of Chapter 11 towards fair settlement through a negotiation process between informed interested parties”). The central requirement of a disclosure statement is that it “clearly and succinctly inform[s] the average

unsecured creditor what it is going to get, when it is going to get it, and what contingencies there are to getting its distribution.” In re Ferretti, 128 B.R. 16, 19 (Bankr. D.N.H. 1991).

10. The bankruptcy court has broad discretion in determining whether a disclosure statement contains adequate information. See C.J. Kirk v. Texaco, Inc., 82 B.R. 678, 683 (Bankr. S.D.N.Y. 1988) (“the legislative history could hardly be more clear in granting broad discretion to bankruptcy judges under § 1125(a)”); see also In re Oxford Homes, Inc., 204 B.R. 269 (Bankr. D. Me. 1997) (Congress intentionally drew vague contours of what constitutes adequate information so that bankruptcy courts can exercise discretion to tailor them to each case’s particular circumstances). This grant of discretion was intended to permit courts to tailor the disclosures made in connection with a plan of reorganization or liquidation to facilitate the reorganization or liquidation in a broad range of businesses and circumstances. See H.R. Rep. No. 595, at 408-09 (1977), reprinted in 1978 U.S.C.C.A.N. 5963, 6364-5.

11. In that regard, a bankruptcy court will consider a multitude of factors when examining whether the disclosure statement contains “adequate information” including, if applicable, the following: (i) the circumstances that gave rise to the filing of the chapter 11 petition; (ii) a complete description of the available assets and their value; (iii) the anticipated future of the debtor; (iv) the source of the information provided in the disclosure statement; (v) a disclaimer, which typically indicates that no statements or information concerning the debtor or its assets or securities are authorized, other than those set forth in the disclosure statement; (vi) the condition and performance of the debtor while in chapter 11; (vii) information regarding claims against the estate; (viii) a liquidation analysis setting forth the estimated return that creditors would receive under chapter 7; (ix) the accounting and valuation methods used to produce the financial information in the disclosure statement; (x) information regarding the

future management of the debtor, including the amount of compensation to be paid to any insiders, directors, and/or officers of the debtor; (xi) a summary of the plan of reorganization; (xii) an estimate of all administrative expenses, including attorneys' fees and accountants' fees; (xiii) the collectibility of any accounts receivable; (xiv) any financial information, valuations or pro forma projections that would be relevant to creditors' determinations of whether to accept or reject the plan; (xv) information relevant to the risks being taken by the creditors and interest holders; (xvi) the actual or projected value that can be obtained from avoidable transfers; (xvii) the existence, likelihood and possible success of non-bankruptcy litigation; (xviii) tax consequences of the plan; and (xix) and the relationship of the debtor with affiliates. See 7 COLLIER ON BANKRUPTCY ¶ 1125.02[2] at 1125-2 – 1125-3 (15th ed. rev. 2004) (citing In re United States Brass Corp., 194 B.R. 420, 424 (Bankr. E.D. Tex. 1996)).

12. This list is not meant to be comprehensive. Nor must a debtor provide all the information on the list. Rather, the court must decide what is appropriate in each case. See Ferretti, 128 B.R. at 18-19 (adopting similar list); see also Copy Crafters Quickprint, 92 B.R. at 979 (noting that the determination of whether a disclosure statement contains adequate information is to be made on a case-by-case basis, focusing on the unique facts and circumstances of each case).

13. Since the Plan is a plan of liquidation, not reorganization, certain types of information identified above do not apply. The Debtors respectfully submit, however, that the Disclosure Statement addresses each applicable type of information identified above in a manner that provides holders of impaired claims that are entitled to vote to accept or reject the Plan with adequate information to allow them to make an informed judgment about the Plan.

14. Specifically, the Disclosure Statement includes: (i) the circumstances that gave rise to the filing of the bankruptcy petition (Art. II.B.); (ii) a description of the assets available for distribution to creditors and their value on a liquidation basis (Art. II.C., III.B.5, III.B.8, III.C.4, III.C.5); (iii) the anticipated future of the Debtors (Art. III.A.); (iv) the source of the information provided in the Disclosure Statement (Art. I and II.C.); (v) a disclaimer indicating that no statements or information concerning the Debtors are authorized, other than those set forth in the proposed Disclosure Statement (Art. I); (vi) the condition and performance of the Debtors while in chapter 11 (Art. II.C.); (vii) information regarding claims against the Debtors' estate (Art. I.B.); (viii) a liquidation analysis setting forth the estimated return that creditors would receive under a hypothetical chapter 7 (Art. IV); (ix) information regarding the future administration of the Plan and the Debtors' current and future assets derived from Causes of Action proceeds (Art. III.C., D., E.); (x) a summary of the Plan (Art. III.A.); (xi) an estimate of all administrative expense claims, including professional compensation claims (Art. I.B.); (xii) information relevant to the risks being taken by the creditors (Art. IV); (xiii) the existence, likelihood, and possible success of litigation against third parties (Art. III.A., C.); and (xiv) the tax consequences of the Plan for holders of General Unsecured Claims (Art. V).

15. The Disclosure Statement also provides, among other things, an analysis of the alternatives to the Plan (Art. IV), and concludes with a recommendation by the Debtors and the Committee that creditors should vote to accept the Plan because it provides the highest and best recoveries to holders of claims against the Debtors (Art. I, VII, and VIII).

16. Based on the foregoing, the Debtors submit that the Disclosure Statement contains all or substantially all information typically considered by courts in this context and

respectfully submit that the Court should approve the Disclosure Statement as it clearly meets the “adequate information” requirement of section 1125 of the Bankruptcy Code.

B. Fixing a Voting Record Date

17. Bankruptcy Rule 3017(d) provides that, for the purposes of soliciting votes in connection with the confirmation of a plan of liquidation, “creditors and equity security holders shall include holders of stock, bonds, debentures, notes, and other securities of record on the date the order approving the disclosure statement is entered or another date fixed by the court, for cause, after notice and a hearing.” Fed. R. Bankr. P. 3017(d).

18. Although the Debtors are not aware of any significant claims trading activity in this case, in an abundance of caution they seek a record date. In accordance with the Bankruptcy Rules, the record date is typically the date on which an order approving the disclosure statement is entered. Therefore, the Debtors propose that the record date for purposes of voting on the Plan (the “Voting Record Date”) be the date this Court enters the Disclosure Statement Approval Order. The establishment of a Voting Record Date herein is for voting purposes only and shall have no effect with respect to who is entitled to receive distributions under the Plan.

C. Approval of Solicitation Packages and Procedures for Distribution Thereof

19. Bankruptcy Rule 3017(d) identifies the materials that must be provided to holders of claims and equity interests for the purpose of soliciting their votes and providing adequate notice of the hearing on confirmation of a plan of liquidation:

Upon approval of a disclosure statement, – except to the extent that the court orders otherwise with respect to one or more unimpaired classes of creditors or equity security holders – the debtor in possession, trustee,

proponent of the plan, or clerk as the court orders shall mail to all creditors and equity security holders, and in a chapter 11 reorganization case shall transmit to the United States trustee,

- (1) the plan or a court-approved summary of the plan;
- (2) the disclosure statement approved by the court;
- (3) notice of the time within which acceptances and rejections of the plan may be filed; and
- (4) any other information as the court may direct, including any court opinion approving the disclosure statement or a court-approved summary of the opinion.

In addition, notice of the time fixed for filing objections and the hearing on confirmation shall be mailed to all creditors and equity security holders in accordance with Rule 2002(b), and a form of ballot conforming to the appropriate Official Form shall be mailed to creditors and equity security holders entitled to vote on the plan . . .

Fed. R. Bankr. P. 3017(d).

20. After this Court has approved the Disclosure Statement as containing adequate information required by section 1125 of the Bankruptcy Code, and in no event no later than 30 days before the scheduled confirmation hearing on the Plan (the “Solicitation Date”), the Debtors propose to distribute or cause to be distributed solicitation packages (the “Solicitation Packages”) as follows:

- A. to each holder of an Administrative Claim, Priority Tax Claim, Professional Compensation Claim, DIP Lender Claim, Subordinated Lender Claim, Other Secured Claim, Priority Non-Tax Claim, Equity Interest of Norstan Delaware and Equity Interest of Norstan Apparel, the Internal Revenue Service and the Office of the United States Trustee: (i) a copy of the Plan and Disclosure Statement, and (ii) a copy of the Disclosure Statement Approval Order; and
- B. to each holder of a General Unsecured Claim: (i) a copy of the Plan and Disclosure Statement; (ii) a copy of the Disclosure Statement Approval Order; (iii) a Ballot substantially in form as Exhibit “A” for voting on the Plan; and (iv) a pre-addressed return envelope for returning the Ballot to the balloting agent.

21. The Debtors further propose that, prior to distribution of the Solicitation Packages, they be permitted to fill in any missing dates and other information, correct any typographical errors and make such other non-material, non-substantive changes to either the Disclosure Statement, the Ballot or any notices approved by this Court pursuant to the Disclosure Statement Approval Order as they deem appropriate and necessary.

22. The Debtors submit that they have shown good cause for implementing the proposed notice and service procedures.

D. Continuation of Epiq Bankruptcy Solutions as Claims and Noticing Agent

23. Pursuant to an order of this Court dated April 23, 2005 (Docket No. 23), the Debtors retained Epiq Bankruptcy Solutions, f/k/a Bankruptcy Services LLC (“Epiq”) to, among other things, assist the Debtors as their official claims and noticing agent, maintain the official claims register, and assist the Debtors with the solicitation and the tabulation of votes and the distribution as required in furtherance of confirmation of their joint plan of liquidation. Accordingly, the Debtors intend to have Epiq serve as solicitation and tabulation agent with respect to soliciting votes on the Plan. The Debtors propose that Epiq perform all services relating to the solicitation and tabulation of votes to assume or reject the Plan (collectively, the “Balloting Services”), including, without limitation:

- printing and mailing the notice of hearing to consider confirmation of the Plan;
- coordinating the design and printing of the Ballots;
- identifying voting and non-voting creditors and equity security holders;
- preparing voting reports by voting amount, as well as maintaining all such information in an appropriate database;

- coordinating and/or printing Ballots specific to each creditor, indicating voting class under the Plan, voting amount of claim and other relevant information;
- coordinating the mailing of Ballots and providing an affidavit verifying the mailing of Ballots;
- receiving Ballots and tabulating and certifying the votes on the Plan; and
- providing any other plan solicitation related services as the Debtors may, from time to time, request, including, without limitation, providing testimony at the Confirmation Hearing (as defined below) with respect to the Balloting Services and the results of the vote on the Plan.

E. Approval of Form of Ballot and Establishment of Procedures for Voting on the Plan

24. Bankruptcy Rule 3017(d) requires the Debtors to mail a form of ballot, which substantially conforms to the Official Form No. 14, only to “creditors and equity security holders entitled to vote on the plan.” Fed. R. Bankr. P. 3017(d). The Debtors propose to distribute to holders of Claims in Class 4 (General Unsecured Claims) the Ballot substantially in the form annexed hereto as Exhibit “A”. The form for the Ballot is based upon Official Form No. 14.

25. Claims in Class 1 (Subordinated Lenders Claims), Class 2 (Other Secured Claims) and Class 3 (Priority Non-Tax Claims) are designated as unimpaired under the Plan and, therefore, are conclusively presumed to accept the Plan. See 11 U.S.C. § 1126(f). Holders of Claims in Class 5 (Equity Interests of Norstan Delaware) are not receiving distributions under the Plan and are thus conclusively presumed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 6 (Equity Interests of Norstan Apparel), as a proponent of the Plan, is deemed to have accepted the Plan.

F. Establishing Voting Deadlines for Receipt of Ballots

26. Bankruptcy Rule 3017(c) provides that, on or before approval of a disclosure statement, the court shall fix a time within which the holders of claims and equity security

interests may accept or reject a plan. Fed. R. Bankr. P. 3017(c). Debtors propose that in order to be counted as a vote to accept or reject the Plan, each Ballot must be properly executed, completed, and transmitted to Epiq so as to be received by Epiq no later than **5:00 p.m.** on a date no later than seven (7) days before the Confirmation Hearing date (the “Voting Deadline”). The Debtors submit that such solicitation period is a sufficient period within which creditors can make an informed decision to accept or reject the Plan.

G. Approval of Procedures for Vote Tabulation

27. Section 1126(c) of the Bankruptcy Code provides:

A class of claims has accepted a plan if such plan has been accepted by creditors, other than any equity designated under subsection (e) of this section, that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan.

11 U.S.C. § 1126(c).

28. The Debtors request that this Court approve the following rules, standards and protocols for the voting and tabulation of Ballots:

The Voting Deadline: Ballots voting to accept or reject the Plan must be actually received by the Voting Deadline by Epiq. Ballots may be transmitted to Epiq by first class mail, overnight courier or hand delivery. Failure to comply with the requirements of any of these methods will result in the nonconforming Ballot not being counted. Any Ballot submitted to Epiq by facsimile or other electronic means shall not be counted or considered for purposes of accepting or rejecting the Plan.

Ballots must be timely delivered by returning an original executed ballot to the following address:

By Mail

Norstan Apparel Ballot Processing
c/o Epiq Bankruptcy Solutions LLC
FDR Station, P.O. Box 5014
New York, New York 10150-5014

By Overnight Courier or Hand Delivery

Epiq Bankruptcy Solutions LLC
757 Third Avenue, 3rd Floor
New York, New York 10017
Attn: Norstan Apparel Balloting

Any Ballot actually received by Epiq after the Voting Deadline shall not be counted unless the Debtors granted in writing an extension of the Voting Deadline with respect to such Ballot and the Debtors shall advise the Court of any such extensions at the confirmation hearing;

Submission of Multiple Ballots: If a holder of a General Unsecured Claim submits more than one Ballot with respect to the same claim prior to the Voting Deadline, only the first such Ballot actually received by the Solicitation Agent shall count unless this Court orders that such holder has sufficient cause to submit, or the Debtors consent to the submission of, a superseding Ballot;

Split Voting: A holder of a claim must vote all of its claims within a particular class under the Plan either to accept or reject the Plan, and may not split its vote;

Submission of Duplicate Ballots: If a holder of a General Unsecured Claim casts simultaneous duplicative Ballots voting inconsistently, then such Ballots shall be counted as one vote accepting the Plan;

Authority of Ballot Signatory: The authority of the signatory of each Ballot to complete and execute the Ballot shall be presumed;

Unsigned or Illegible Ballots: Any Ballot that is not signed, is illegible or contains insufficient information to permit the identification of the claimant shall not be counted;

Failure to Indicate Vote: Any Ballot that is timely received and duly executed but does not indicate whether the holder of a General Unsecured Claim is voting to accept or reject the Plan, or indicates both an acceptance and rejection of the Plan, shall be counted as a vote accepting the Plan;

Ballots by Claimants Not Entitled to Vote: Any Ballot cast by a person or entity that does not hold a General Unsecured Claim shall not be counted. Any Ballot cast for a claim scheduled as unliquidated, contingent, or disputed for which no proof of claim was timely filed shall not be counted; and

Amount and Classification of Claim or Interest for Purposes of Voting on the Plan:

The holder of allowed General Unsecured Claim is entitled to vote on the Plan in an amount equal to the amount of their claim as identified on the schedules, but only to the extent such claim is listed on the schedules in an amount greater than

zero dollars and is not listed as contingent, unliquidated, and/or disputed (subject to any application limitation set forth below);

To the extent a proof of claim has been timely filed for a liquidated, non-contingent claim in an amount greater than zero dollars, then the holder thereof shall be entitled to vote in the amount specified in such claim;

To the extent that a claim is scheduled as, or a proof of claim has been timely filed for a contingent, unliquidated claim, such holder shall be entitled solely for voting purposes, to vote such a claim in an amount equal to \$1.00 and one vote, unless otherwise ordered by the Bankruptcy Court.

H. Establishment of Notice and Objection Procedures in Respect of Confirmation of The Plan

29. Bankruptcy Rule 3017(c) provides:

On or before approval of the disclosure statement, the court shall fix a time within which the holders of claims and interests may accept or reject the plan and may fix a date for the hearing on confirmation.

Fed. R. Bankr. P. 3017(c).

30. In accordance with Bankruptcy Rule 3017(c) and in view of the Debtors' proposed solicitation schedule outlined herein, the Debtors request that a hearing on confirmation of the Plan (the "Confirmation Hearing") be scheduled, subject to this Court's calendar, on a date that is not less than 45 days from the date of entry of the Disclosure Statement Approval Order. The Confirmation Hearing may be continued from time to time by this Court or the Debtors without further notice other than adjournments announced in open court. The proposed timing for the Confirmation Hearing is in compliance with Bankruptcy Rules 2002(b) and 3017(c) and will enable the Debtors to pursue confirmation of the Plan in a timely fashion while giving holders of General Unsecured Claims a reasonable amount of time to vote.

I. Establishment of Procedures for Notice of the Confirmation Hearing

31. Bankruptcy Rules 2002(b) and 2002(d) require not less than twenty-five days' notice to all creditors and equity security holders of the time fixed for filing objections and the hearing to consider confirmation of a chapter 11 plan. Debtors submit that the Disclosure Statement sets forth (i) the date of approval of the Disclosure Statement, (ii) the Record Date, (iii) the Voting Deadline, (iv) the time fixed for filing objections to confirmation of the Plan, and (v) the time, date and place for the Confirmation Hearing. The Debtors submit that the foregoing procedures will provide adequate notice of the Confirmation Hearing and, accordingly, request that this Court approve such notice as adequate.

J. Establishment of Procedures for the Filing of Objections to Confirmation of the Plan

32. Pursuant to Bankruptcy Rule 3020(b)(1), objections to confirmation of a plan must be filed and served "within a time fixed by the court." Fed. R. Bankr. P. 3020(b)(1). The Disclosure Statement provides, and the Debtors request that this Court direct that, objections to confirmation of the Plan or proposed modifications to the Plan, if any, must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection to the Plan; and (iv) be filed, together with proof of service, with this Court and served so that they are actually received by the parties identified in the Disclosure Statement by the Voting Deadline. The proposed timing for filing and service of objections and proposed modifications, if any, will afford this Court, the Debtors, the Committee and other parties in interest sufficient time to consider the objections and proposed modifications prior to the Confirmation Hearing.

Notice

33. Pursuant to Bankruptcy Rule 3017, this Motion and a complete copy of the Disclosure Statement and the Plan are being served upon the Committee's counsel, the U.S. Trustee and all parties who have filed a notice of appearance and request for service of papers in these cases. Because Bankruptcy Rule 3017 also requires that notice of the hearing on the Disclosure Statement be sent to all creditors, the Debtors are serving upon all creditors who have not appeared in these cases the notice attached as Exhibit "B" to this Motion. The Debtors submit that no other or further notice need be provided and request that the Court deem such notice of the hearing on the adequacy of the Disclosure Statement to be good and sufficient notice thereof.

Waiver of Memorandum of Law

34. Given that there are no novel issues of law presented herein and that the legal authority for the relief being sought is set forth herein, the Debtors respectfully request that this Court waive the requirement that the Debtors file a memorandum of law in support of this Motion as provided in Rule 9013-1(b) of the E.D.N.Y Local Bankruptcy Rules.

No Prior Request

35. No prior motion for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE, the Debtors respectfully request that this Court enter an order in the form annexed hereto granting the relief requested herein, and such other and further relief as may be just and proper.

Dated: New York, New York
April 23, 2008

KATTEN MUCHIN ROSENMAN LLP

*Attorneys for Norstan Apparel Shops, Inc.,
d/b/a Fashion Cents, et al., as Debtors and
Debtors-in-Possession*

By: /s/ Merritt A. Pardini
Jeff J. Friedman (JF-7661)
Merritt A. Pardini (MP-3437)
575 Madison Avenue
New York, New York 10022
Telephone: (212) 940-8800

EXHIBIT A

BALLOT

THIS BALLOT MUST BE COMPLETED, SIGNED AND RETURNED BY 5:00 P.M. (EASTERN TIME) ON [REDACTED]

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----	X
In re:	:
	: Chapter 11
NORSTAN APPAREL SHOPS, INC.	:
d/b/a FASHION CENTS, et al.,	: Case No. 05 – 15265 (CEC) (Lead Case)
	: 05 – 15268 (CEC)
Debtors.	: (Jointly Administered)
-----	X

BALLOT FOR ACCEPTING OR REJECTING PLAN OF LIQUIDATION

On April 23, 2008, Norstan Apparel Shops, Inc. d/b/a Fashion Cents and Norstan Delaware (collectively, the “Debtors”) filed a Plan of Liquidation Under Chapter 11 of the Bankruptcy Code (the “Plan”) which provides the manner in which Claims against the Debtors will be paid. On May [REDACTED], 2008, the Bankruptcy Court overseeing the Debtor’s case approved a disclosure statement that provides additional information about Plan (the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote your ballot . If you did not receive a Disclosure Statement along with this Ballot, you may obtain a copy from Epiq Bankruptcy Solutions LLC. Court approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

You have received this Ballot because you hold a General Unsecured Claim under the Plan. This Ballot allows you to vote to accept or reject the Plan.

You should review the accompanying Disclosure Statement and Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class 4 under the Plan (General Unsecured Claims).

To have your vote count, you must complete and return the last page of this Ballot so that it is actually received by 5:00 p.m. (Eastern Time) on [REDACTED], 2008 at one of the following addresses. A return envelope for you to use accompanies this Ballot.

<u>By Mail</u>	<u>By Overnight Courier or Hand Delivery</u>
Norstan Apparel Ballot Processing c/o Epiq Bankruptcy Solutions LLC FDR Station, P.O. Box 5014 New York, New York 10150-5014	Epiq Bankruptcy Solutions LLC 757 Third Avenue, 3rd Floor New York, New York 10017 Attn: Norstan Apparel Balloting

If your Ballot is not received by either address above on or before [REDACTED], and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan. If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote; however, it is not a requirement that you vote for or against the Plan in order to receive a payment in respect of your claim

and if the Bankruptcy Court confirms the Plan, holders of allowed claims will receive payments in accordance with the Plan.

BALLOT FOR VOTING ON NEXT PAGE

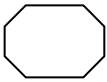
NORSTAN APPAREL SHOPS, INC. - BALLOT

COMPLETE ITEMS 1 THROUGH 3 BELOW (BE SURE TO FILL IN YOUR CLAIM AMOUNT IN PARAGRAPH 1). IF YOUR BALLOT IS NOT SIGNED, YOUR BALLOT WILL NOT BE VALID AND WILL NOT BE COUNTED.

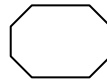
Item 1: Claim Amount. For purposes of voting to accept or reject the Plan, the undersigned holds a General Unsecured Claim against Norstan Apparel Shops, Inc. in the amount of \$ _____.

Item 2: Vote On Plan. The undersigned holder of the General Unsecured Claim in the amount set forth above, votes to (check only one):

Accept the Plan



Reject the Plan



Item 3: Acknowledgement: By signing this Ballot, you acknowledge receipt of the Disclosure Statement and certify that you are the person or entity whose name appears on this Ballot in the blank below or that you have the power and legal authority to vote to accept or reject the Plan on behalf of the person whose name appears on this Ballot in the blank below.

Name of Claimant/Holder: _____

Street Address: _____

City, State and Zip Code: _____

(or City, Province and Postal Code) _____

Telephone Number: _____

Social Security or Federal Tax. I.D. No.: _____

Date: _____

Signature: _____

Return this Ballot to:

By Mail

Norstan Apparel Ballot Processing
c/o Epiq Bankruptcy Solutions LLC
FDR Station, P.O. Box 5014
New York, New York 10150-5014

By Overnight Courier or Hand Delivery

Epiq Bankruptcy Solutions LLC
757 Third Avenue, 3rd Floor
New York, New York 10017
Attn: Norstan Apparel Balloting

EXHIBIT B

**DISCLOSURE STATEMENT HEARING NOTICE TO CREDITORS WHO HAVE NOT APPEARED
IN THESE BANKRUPTCY CASES**

Jeff J. Friedman (JF-7661)
Merritt A. Pardini (MP-3437)
KATTEN MUCHIN ROSENMAN LLP
575 Madison Avenue
New York, New York 10022-2585
Telephone: (212) 940-8800
Facsimile: (212) 940-8776

Attorneys for the Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----	X
	:
In re:	: Chapter 11
	:
NORSTAN APPAREL SHOPS, INC.	: Case No. 05 – 15265 (CEC) (Lead Case)
d/b/a FASHION CENTS, <u>et al.</u> ,	: 05 – 15268 (CEC)
	: (Jointly Administered)
Debtors.	:
	:
-----	X

**NOTICE OF HEARING ON ADEQUACY OF DEBTORS' DISCLOSURE
STATEMENT AND REQUEST FOR RELATED RELIEF**

PLEASE TAKE NOTICE that on April 23, 2008, Norstan Apparel Shops, Inc., d/b/a Fashion Cents and Norstan Delaware Corp. (collectively, the "Debtors") filed with this Court their:

1. Disclosure Statement for Debtors' Plan of Liquidation Under Chapter 11 of the Bankruptcy Code (the "Disclosure Statement"); and

2. Motion of the Debtors for an Order (I) Approving Disclosure Statement with Respect to Joint Plan of Liquidation; (II) Fixing a Record Date for Eligibility to Vote on the Plan; (III) Approving Solicitation Packages; (IV) Approving the Form of Ballot and Fixing a Deadline for Voting on Plan; (V) Scheduling a Hearing and Establishing Notice and Objection Procedures in Respect of Confirmation of the Plan; and (VI) Granting Related Relief (the "Motion").

PLEASE TAKE FURTHER NOTICE that a complete copy of the Motion, the Disclosure Statement and plan of liquidation can be obtained, free of charge, by contacting the Debtors' claims and noticing agent: **Epiq Bankruptcy Solutions LLC, 757 Third Avenue, 3rd Floor, New York, New York 10017, Attention Ross Matray. Phone: (646) 282-2500; email: epiqteambblue@epiqsystems.com.**

PLEASE TAKE FURTHER NOTICE that a hearing to consider the Motion (at which the Bankruptcy Court will determine, inter alia, whether the Disclosure Statement contains adequate information for creditors to make an informed judgment about voting on the Debtors' plan of liquidation) has been scheduled for **May 22, 2008 at 3:00 p.m.** before the Honorable Carla E. Craig, Chief United States Bankruptcy Judge, at the United States Bankruptcy Court for the Eastern District of New York, 271 Cadman Plaza East, Brooklyn, New York (the "Disclosure Statement Hearing").

PLEASE TAKE FURTHER NOTICE that if you wish to object to the Motion and approval of the Disclosure Statement, (i) you must file no later than May 19, 2008 a written objection (an "Objection") with the Clerk of the United States Bankruptcy Court for the Eastern District of New York, 271 Cadman Plaza East, Brooklyn, New York, stating the legal and factual bases for such Objection, and submit a paper copy of the Objection directly to Chief Judge Craig's chambers at the address in the preceding paragraph and (ii) deliver a copy of the Objection to (a) counsel for the Debtors, Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022 (Attn: Merritt A. Pardini, Esq.); (b) counsel for the Committee, Cooley Godward Kronish LLP, 1114 Avenue of the Americas, New York, New York 10036 (Attn: Jeffrey Cohen, Esq.); and (c) the Office of the United States Trustee, 271 Cadman Plaza East, Suite 4529, Brooklyn, New York, 11201 (Attn: Jackie Frome, Esq.), **so as to be received no later than May 19, 2008.**

2. **PLEASE TAKE FURTHER NOTICE THAT** The Disclosure Statement Hearing may be adjourned by the Debtors from time to time without further notice to parties in interest other than by an announcement in Bankruptcy Court of such adjournment on the date scheduled for the hearing.

Dated: New York, New York
April 23, 2008

KATTEN MUCHIN ROSENMAN LLP
Attorneys for Debtors and Debtors-In-Possession

By: /s/ Merritt A. Pardini
Jeff J. Friedman (JF-7661)
Merritt A. Pardini (MP-3437)
575 Madison Avenue
New York, New York 10022-2585
Telephone: (212) 940-8800
Facsimile: (212) 940-8776

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X
In re:

NORSTAN APPAREL SHOPS, INC.
d/b/a FASHION CENTS, et al.,

Debtors.

:

: Chapter 11

:

: Case No. 05 – 15265 (CEC) (Lead Case)

:

05 – 15268 (CEC)

:

(Jointly Administered)

-----X

**ORDER (I) APPROVING DISCLOSURE STATEMENT WITH RESPECT TO
JOINT PLAN OF LIQUIDATION; (II) FIXING A RECORD DATE FOR
ELIGIBILITY TO VOTE ON THE PLAN; (III) APPROVING SOLICITATION
PACKAGES; (IV) APPROVING THE FORM OF BALLOT AND FIXING A
DEADLINE FOR VOTING ON THE PLAN; (V) SCHEDULING A HEARING AND
ESTABLISHING NOTICE AND OBJECTION PROCEDURES IN RESPECT OF
CONFIRMATION OF THE PLAN; AND (VI) GRANTING RELATED RELIEF**

Upon the motion of Norstan Apparel Shops, Inc., d/b/a Fashion Cents, and Norstan Delaware (collectively, the “Debtors”) seeking, inter alia, entry of an order: (I) Approving Disclosure Statement With Respect to Joint Plan of Liquidation; (II) Fixing a Record Date For Eligibility to Vote on the Plan; (III) Approving Solicitation Packages; (IV) Approving the Form of Ballot and Fixing a Deadline for Voting on the Plan; (V) Scheduling a Hearing and Establishing Notice and Objection Procedures in Respect of Confirmation of the Plan; and (VI) Granting Related Relief (the “Motion”);¹ and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided as set forth therein and it appearing that such notice was good and adequate and that no other or further notice need be

¹ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

provided; and the relief requested in the Motion being in the best interests of the Debtors and their estate and creditors; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court, and after due deliberation and sufficient cause appearing therefore,

THE COURT HEREBY FINDS AND DETERMINES THAT:

- a) The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014.
- b) To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.
- c) The Disclosure Statement, dated April 23, 2008, contains adequate information within the meaning of section 1125 of the Bankruptcy Code.
- d) The material in the Solicitation Packages described in the Motion satisfy the requirements of Bankruptcy Rule 3017(d). Prior to the distribution of the Solicitation Packages, the Debtors are permitted to fill in any missing dates and other information, correct any typographical errors and make such other non-material, non-substantive changes to either the Disclosure Statement, the Ballot or any notices approved by this Court.
- e) Epiq Bankruptcy Solutions, f/k/a Bankruptcy Services LLC (the "Solicitation Agent") is hereby authorized to perform all services relating to the solicitation and tabulation of votes to assume or reject the Plan, including the Balloting Services detailed in the Motion.

f) The period, set forth below, during which the Debtors may solicit acceptances to the Plan is a reasonable period of time for creditors to make an informed decision to accept or reject the Plan.

g) The procedures for solicitation and tabulation of votes to accept or reject the Plan (as detailed below) provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

h) The Debtors' use of the 2-page Notice of Hearing on Adequacy of Debtors' Disclosure Statement and Request for Related Relief, annexed to the Motion as Exhibit "B" hereto, inter alia, advising interested parties of the filing of, and deadline to object to, the Disclosure Statement constitutes adequate notice pursuant to Bankruptcy Rules 2002(b) and 2002(d).

NOW THEREFORE, THE COURT HEREBY ORDERS, ADJUDGES, AND DECREES
AS FOLLOWS:

- (1) The Motion is GRANTED.
- (2) The Disclosure Statement is APPROVED.
- (3) The date of entry of this Order is fixed as the record date (the "Voting Record Date") for purposes of determining the creditors who are entitled to vote on the Plan.
- (4) The Solicitation Packages are APPROVED.
- (5) The Solicitation Packages shall be mailed no later than June __, 2008 (the "Solicitation Date") and shall contain:

for each holder of an **Administrative Claim, Priority Tax Claim, Professional Compensation Claim, DIP Lender Claim, Subordinated Lender Claim, Other Secured Claim, Priority Non-Tax Claim, Equity Interest of Norstan Delaware and Equity Interest of Norstan Apparel, the Internal Revenue Service and the Office of the United States Trustee:** (i) a copy of the Plan and

Disclosure Statement, and (ii) a copy of the Disclosure Statement Approval Order; and

for each holder of a **General Unsecured Claim**: (i) a copy of the Plan and Disclosure Statement; (ii) a copy of the Disclosure Statement Approval Order; (iii) a Ballot substantially in the form as Exhibit “A”; and (iv) a pre-addressed return envelope for returning the Ballot to the Solicitation Agent.

(6) The form of Ballot annexed hereto as Exhibit “A” is APPROVED.

(7) June __, 2008 at 5:00 p.m. (prevailing Eastern Time) is fixed as the last day (the “Voting Deadline”) to timely deliver the Ballots to accept or reject the Plan in accordance with the ballot instructions detailed herein.

(8) Ballots for voting to accept or reject the Plan must be actually received by the Voting Deadline by the Solicitation Agent. Ballots may be transmitted to the Solicitation Agent by mail, overnight courier or hand delivery. Failure to comply with the requirements of any of these methods will result in the nonconforming Ballot not being counted.

(9) Ballots must be timely delivered by returning an original executed Ballot to the following address: (i) By mail - Norstan Apparel Ballot Processing, c/o Epiq Bankruptcy Solutions LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; (ii) By overnight courier or hand delivery - Epiq Bankruptcy Solutions LLC, 757 Third Avenue, 3rd Floor, New York, New York 10017, Attn: Norstan Apparel Balloting.

(10) Any Ballot submitted to the Solicitation Agent by facsimile or other electronic means shall not be counted or considered for purposes of accepting or rejecting the Plan.

(11) Any Ballot actually received by the Solicitation Agent after the Voting Deadline shall not be counted unless the Debtors granted in writing an extension of the Voting Deadline with respect to such Ballot and the Debtors shall advise the Court of any such extensions at the confirmation hearing.

(12) If a holder of a General Unsecured Claim submits more than one Ballot with respect to the same claim prior to the Voting Deadline, only the first such Ballot actually received by the Solicitation Agent shall count unless this Court orders that such holder has sufficient cause to submit, or the Debtors consent to the submission of, a superseding Ballot.

(13) A holder of a General Unsecured Claim must vote all of its claims within a particular class under the Plan either to accept or reject the Plan, and may not split its vote.

(14) If a holder of a General Unsecured Claim casts simultaneous duplicative Ballots voting inconsistently, then such Ballots shall be counted as one vote accepting the Plan.

(15) The authority of the signatory of each Ballot to complete and execute the Ballot shall be presumed.

(16) Any Ballot that is not signed, is illegible or contains insufficient information to permit the identification of the claimant shall not be counted.

(17) Any Ballot that is timely received and duly executed but does not indicate whether the holder of a General Unsecured Claim is voting to accept or reject the Plan, or indicates both an acceptance or rejection of the Plan, shall be counted as a vote accepting the Plan.

(18) Any Ballot cast by a person or entity that does not hold a General Unsecured Claim shall not be counted. Any Ballot cast for a claim scheduled as unliquidated, contingent, or disputed for which no proof of claim was timely filed shall not be counted.

(19) The holder of allowed General Unsecured Claim is entitled to vote on the Plan in an amount equal to the amount of their claim as identified on the schedules, but only to the extent such claim is listed on the schedules in an amount greater than zero dollars and is not

listed as contingent, unliquidated, and/or disputed (subject to any application limitation set forth below).

(20) To the extent a proof of claim has been timely filed for a liquidated, non-contingent claim in an amount greater than zero dollars, then the holder thereof shall be entitled to vote in the amount specified in such claim.

(21) To the extent that a claim is scheduled as, or a proof of claim has been timely filed for a contingent, unliquidated claim, such holder shall be entitled solely for voting purposes, to vote such a claim in an amount equal to \$1.00 and one vote, unless otherwise ordered by the Bankruptcy Court.

(22) June __, 2008 at __: __ (Eastern Time) is fixed for the hearing to consider confirmation of the Plan (“Confirmation Hearing Date”).

(23) Objections to the confirmation of the Plan or proposed modifications of the Plan, if any, must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection to the Plan; (iv) be filed, together with a chambers copy and proof of service, with this Court and served so that they are actually received by (a) counsel for the Debtors; (b) counsel for the Committee; and (c) the U.S. Trustee by the Voting Deadline.

(24) The Court shall retain exclusive jurisdiction to enforce and implement this Order and to resolve any disputes arising in connection therewith.

(25) The requirement of the service and filing of a separate memorandum of law under E.D.N.Y Local Bankruptcy Rule 9013-1(b) in connection with the Motion be, and hereby is, deemed satisfied.

Dated: Brooklyn, New York
May , 2008

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A TO CONFIRMATION ORDER

BALLOT

**THIS BALLOT MUST BE COMPLETED, SIGNED AND RETURNED BY 5:00 P.M.
(EASTERN TIME) ON [____]**

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X		
In re:	:	
	:	Chapter 11
NORSTAN APPAREL SHOPS, INC.	:	
d/b/a FASHION CENTS, et al.,	:	Case No. 05 – 15265 (CEC) (Lead Case)
	:	05 – 15268 (CEC)
Debtors.	:	(Jointly Administered)
-----X		

BALLOT FOR ACCEPTING OR REJECTING PLAN OF LIQUIDATION

On April 23, 2008, Norstan Apparel Shops, Inc. d/b/a Fashion Cents and Norstan Delaware (collectively, the “Debtors”) filed a Plan of Liquidation Under Chapter 11 of the Bankruptcy Code (the “Plan”) which provides the manner in which Claims against the Debtors will be paid. On May [], 2008, the Bankruptcy Court overseeing the Debtor’s case approved a disclosure statement that provides additional information about Plan (the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you did not receive a Disclosure Statement along with this Ballot you may obtain a copy from Epiq Bankruptcy Solutions LLC. Court approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

You have received this Ballot because you hold a General Unsecured Claim under the Plan. This Ballot allows you to vote to accept or reject the Plan.

You should review the accompanying Disclosure Statement and Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class 4 under the Plan (General Unsecured Claims).

To have your vote count, you must complete and return the last page of this Ballot so that it is actually received by 5:00 p.m. (Eastern Time) on [____], 2008 at one of the following addresses. A return envelope for you to use accompanies this Ballot.

<u>By Mail</u>	<u>By Overnight Courier or Hand Delivery</u>
Norstan Apparel Ballot Processing c/o Epiq Bankruptcy Solutions LLC FDR Station, P.O. Box 5014 New York, New York 10150-5014	Epiq Bankruptcy Solutions LLC 757 Third Avenue, 3rd Floor New York, New York 10017 Attn: Norstan Apparel Balloting

If your Ballot is not received by either address above on or before [____], and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan. If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether

or not you vote; however, it is not a requirement that you vote for or against the Plan in order to receive a payment in respect of your claim and if the Bankruptcy Court confirms the Plan, holders of allowed claims will receive payments in accordance with the Plan.

BALLOT FOR VOTING ON NEXT PAGE

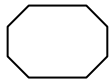
NORSTAN APPAREL SHOPS, INC. - BALLOT

COMPLETE ITEMS 1 THROUGH 3 BELOW (BE SURE TO FILL IN YOUR CLAIM AMOUNT IN PARAGRAPH 1). IF YOUR BALLOT IS NOT SIGNED, YOUR BALLOT WILL NOT BE VALID AND WILL NOT BE COUNTED.

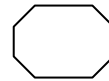
Item 1: Claim Amount. For purposes of voting to accept or reject the Plan, the undersigned holds a General Unsecured Claim against Norstan Apparel Shops, Inc. in the amount of \$ _____.

Item 2: Vote On Plan. The undersigned holder of the General Unsecured Claim in the amount set forth above, votes to (check only one):

Accept the Plan



Reject the Plan



Item 3: Acknowledgement: By signing this Ballot, you acknowledge receipt of the Disclosure Statement and certify that you are the person or entity whose name appears on this Ballot in the blank below or that you have the power and legal authority to vote to accept or reject the Plan on behalf of the person whose name appears on this Ballot in the blank below.

Name of Claimant/Holder: _____

Street Address: _____

City, State and Zip Code: _____

(or City, Province and Postal Code) _____

Telephone Number: _____

Social Security or Federal Tax I.D. No.: _____

Date: _____

Signature: _____

Return this Ballot to:

By Mail

Norstan Apparel Ballot Processing
c/o Epiq Bankruptcy Solutions LLC
FDR Station, P.O. Box 5014
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