
COURT CONFIRMS GANTOS' PLAN OF REORGANIZATION AFTER CREDITORS VOTE
OVERWHELMINGLY IN FAVOR--Company to Emerge from Chapter 11 Shortly

GRAND RAPIDS, Mich., March 7, 1995 -- [Gantos, Inc.](#) (Nasdaq-NNM:GTOSQ) today announced that the U.S. Bankruptcy Court has confirmed its proposed plan of reorganization, paving the way for the company to emerge from Chapter 11 shortly as a strong and competitive specialty retailer of women's apparel and accessories.

Court approval of the plan culminates a 16-month turnaround at Gantos, which launched an aggressive program for returning the company to financial health. This program included closing 45 stores, streamlining operations, reducing corporate expenses and implementing merchandising and marketing initiatives.

The bankruptcy court's confirmation of the plan follows an election by Gantos' creditors and shareholders in which they voted overwhelmingly to support the company's proposal. In fact, more than 99 percent of the creditor class that voted and 93 percent of the shareholder class that voted, voted in favor of Gantos' plan.

Gantos' plan of reorganization calls for general unsecured creditors to receive a combination of equity valued at \$4.16 per share and cash or notes. The anticipated value to creditors is equal to 100 cents on the dollar for their claims, based upon an enterprise value of the company of \$62.5 million. For the plan to be accepted, at least 50 percent of each class of creditors (with certain exceptions), representing at least two-thirds of that class' pre-petition debt, had to vote to approve it. Current shareholders will receive new shares comprising approximately 35% of the company's equity. Shareholders had to accept the plan by at least two-thirds in amount.

"We are very pleased with this vote of confidence from our creditors and shareholders," said Douglas Gantos, chief executive officer of Gantos. This support has made it possible for us to construct and confirm a plan that is

in
the best interests of all involved parties."

"Our management team is grateful for the determination and hard work of all of Gantos' employees, as well as our customers, suppliers, advisers, and the others who assisted us throughout the reorganization process. We are appreciative of the outstanding work performed by our attorneys at [Jones, Day, Reavis & Pogue](#) and our financial advisors at [Arthur Andersen](#) and [Price Waterhouse](#)."

"Turning around a company is never easy," Mr. Gantos continued, "and this case was no exception. We believe, however, Gantos has retained customer loyalty and name recognition in its core markets in the Midwest. Our objective in the years ahead will be to build upon these strengths. We will continue to emphasize customer service, convenience, and carefully edited selections of quality merchandise at a good value."

"We plan to grow our business by adding stores in a strategic and economically effective manner as the situation warrants."

\$40 Million in Exit Financing

As previously announced, Gantos has received a commitment for \$40 million in exit financing from a bank group led by [Natwest](#), subject to a borrowing base.

"The commitment of \$40 million in exit financing is an important part of our efforts to restore Gantos to full financial health," Mr. Gantos said.

Gantos' plan of reorganization was confirmed by Bankruptcy Judge JoAnn C. Stevenson of the U.S. Bankruptcy Court for the Western District of Michigan on March 7, following a public hearing in Grand Rapids, Michigan. The Court had approved Gantos' disclosure statement -- which included the proposed plan of reorganization, the company's business plan, and other pertinent information -- on January 19, 1995, following months of intense negotiations among the company, its creditors and other interested parties.

The company filed for court protection under Chapter 11 of the U.S. Bankruptcy Code on November 12, 1993. The date of Gantos' official emergence from Chapter 11 has not yet been set by the Court, but is expected to be in late March or early April.

Based in Grand Rapids, Michigan, Gantos is a specialty retailer of women's apparel and accessories. The company currently operates 114 stores with over 2,000 employees in 23 states.

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BANKRUPTCY COURT APPROVES TRANSFER OF ADLER COLEMAN FUNDS TO
THREE CLEARING HOUSES

NEW YORK, March 7, 1995 -- Edwin Mishkin, the SIPA Trustee of Adler Coleman, announced yesterday that the Bankruptcy Court of the Southern District of New York approved agreements between the Trustee and three clearing brokers -- JB Oxford & Co. Inc., U.S. Clearing Corp. and Hanifen, Imhoff Clearing Corp. Collectively, the firms have agreed to accept and service substantially all customer accounts introduced by brokers other than Hanover Sterling. Under each of the agreements, customers who desire to place their accounts at different firms may move their accounts to other firms at no charge within three months of the date of transfer.

JB Oxford & Co., Inc. will receive customer accounts introduced by Baldwin (Leigh) & Co., Inc.; Bellmore Asset Management; Biltmore International; Biltmore Securities, Inc.; Blackford Securities Corp.; BMS Securities, Inc.; CTAS; Datek Securities Corp.; Emeric Financial Services, Inc.; FIBA Nordic Securities, Inc.; Greenway Capital Corp.; Helix Securities, Inc.; John D. McKeown & Co., Inc.; J S F Securities Corp.; Kalin Associates, Inc.; Lancaster, Leeds & Co., Inc.; Lek, Schoenau & Co., Inc.; Lynch, Jones & Ryan; M Ramsey King Securities; M.C. Harrison & Co.; Maclaren Securities, Inc.; Magna Investment Group, Inc.; Mentor Securities; Monroe Parker Securities, Inc.; Pacific Capital Management; Richard A. Rosenblatt & Co.; Rickel & Associates, Inc.; Roberts & Ryan Investments, Inc.; SK International; Strategic Risk Management; Stratton Oakmont Inc.; Todd & Todd Investors and Wall Street Investment Corp. Accounts introduced by Acher Wollman; AFC Partners; Ash & Company; Farina & Co.; Garden State Securities; Magna Investment Group, Inc.; Mascera & Co., Inc.; Sharpe Capital, Inc. and Wolff, Hansen & Company, as well as the accounts maintained at Adler Coleman by CMJ Specialist, will be transferred to U.S. Clearing Corp. Finally, accounts introduced by A.R. Baron & Co., Inc. and Duke & Company will be transferred to Hanifen, Imhoff Clearing Corp.

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