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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re)	Chapter 11
)	
FANNIE MAY HOLDINGS, INC. and)	Case No. 02- 11719 (RB)
ARCHIBALD CANDY CORPORATION)	
)	Jointly Administered
)	
Debtors.)	

**ORDER CONFIRMING DEBTORS' SECOND
AMENDED JOINT PLAN OF REORGANIZATION**

CERTIFIED:
AS A TRUE COPY:
ATTEST:

DAVID D. BIRD, CLERK
U.S. BANKRUPTCY COURT

10/4/02

BY: *Michelle Barsdale*
Deputy Clerk

Fannie May Holdings, Inc. ("Fannie May") and Archibald Candy Corporation ("Archibald", together with Fannie May, the "Debtors"), as debtors and debtors in possession, filed the Debtors' First Amended Joint Plan of Reorganization (the "First Amended Plan") and their First Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to the Debtors' First Amended Joint Plan of Reorganization (the "Disclosure Statement") on August 7, 2002. The Court held a hearing on August 7, 2002, to consider the adequacy of the Disclosure Statement and by an order dated August 9, 2002 (the "Voting Procedures Order"), approved the Disclosure Statement and approved the form of notice and ballots, established the confirmation hearing date, voting procedures, and notice procedures relating thereto, and established the deadline for filing objections to confirmation. The First Amended Plan, Disclosure Statement, Voting Procedures Order, a Ballot and related materials (the "Solicitation Package") were transmitted to all known holders of Claims entitled to vote on the First Amended Plan; notice of the First Amended Plan and Voting Procedures Order were transmitted to each holder of a Claim not entitled to vote on the First Amended Plan; and the solicitation of acceptances from holders of Claims was made within the time and manner required by the Voting Procedures Order; and those certain Affidavits of Service were filed with

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respect to the mailing of the Solicitation Package and related Notices. The Court set September 16, 2002, as the deadline for submitting ballots and objections to the First Amended Plan as set forth in the Voting Procedures Order. Objections to the First Amended Plan were filed by (i) the United States Trustee, (ii) the Committee, (iii) Urban Retail Properties, Co. and The Prudential Insurance Company of America (iv) General Growth Management, Inc. and The Rouse Company Affiliates and (v) Pyramid Mall of Glens Falls, L.L.C. and Chicago Ridge 035 Partner, L.P.. On September 24, 2002, the Debtors filed the Debtors' Second Amended Joint Plan of Reorganization (the "Plan") dated September 23, 2002. Accordingly, the Debtors sought confirmation of the Plan as amended. The Court has reviewed, among other things, the Plan, the Disclosure Statement, the Memorandum of Law in Support of Confirmation of Debtors' First Amended Joint Plan of Reorganization and in Response to Objections, the Affidavit of Yvette Hassman of Robert J. Berger & Associates, LLC Certifying the Ballots Accepting or Rejecting the Debtors' First Amended Joint Plan of Reorganization (the "Berger Affidavit"), the Declaration of Richard J. Anglin in Support of the Debtors' First Amended Joint Plan of Reorganization (the "Anglin Declaration"), the Corrected Declaration of Ted A. Shepherd in Support of the Debtors' First Amended Joint Plan of Reorganization (the "Shepherd Declaration"), and the Declaration of Steven Wagner of Deloitte & Touche, LLP in Support of the Debtors' First Amended Joint Plan of Reorganization (the "Wagner Declaration"), and the evidence adduced at the Confirmation Hearing conducted on September 24, 2002. All impaired classes of voting creditors accepted the Plan. All terms not otherwise defined herein shall have the meaning as set forth in the Plan and Disclosure Statement.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

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A. Jurisdiction and Venue. This Court has jurisdiction over the Debtors and the subject matter of the Confirmation Hearing pursuant to 28 U.S.C. §§ 157(b)(2)(A), (B), (L) and (O) and 1334(a). The Confirmation Hearing is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (L) and (O). Venue of these Chapter 11 Cases in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Adequacy of Notice and Solicitation. In accordance with the Voting Procedures Order and the Debtors' voting and notice procedures, such actions constitute due, sufficient and adequate notice to all known holders of Claims and Interests of the Plan, the Confirmation Hearing and the deadlines for submitting votes on, and filing objections to the confirmation of, the Plan.

C. Judicial Notice. This Court takes judicial notice of the docket of the Chapter 11 Cases maintained by the Clerk of the Court or its duly appointed agent, including, without limitation, all pleadings and other documents filed, all orders entered, and all evidence and arguments made, proffered or adduced at, the hearings held before the Court during the pendency of the Chapter 11 Cases, including, without limitation, the hearing to consider the adequacy of the Disclosure Statement.

D. Procedures for Voting. As evidenced by the Berger Affidavit, the procedures by which ballots for voting on the Plan were received and tabulated were properly conducted and in accordance with the Bankruptcy Code, the Bankruptcy Rules, the local rules of this Court and the Voting Procedures Order.

E. Satisfaction of Sections 1122 and 1123. Sections 1122 and 1123 of the Bankruptcy Code are satisfied under the Plan, as more specifically described below:

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(1) Proper Classification of Claims and Interests. Sections 1122(a) and 1123(a)(1) of the Bankruptcy Code are satisfied because the Plan properly designates separate Classes of Claims and Interests, each of which contains only Claims or Interests that are substantially similar to the other Claims or Interests within that Class.

(2) Specification of Unimpaired Classes. Section 1123(a)(2) of the Bankruptcy Code is satisfied because the Plan properly designates Classes of Claims and Interests as impaired (Classes 3-9) or unimpaired (Classes 1 and 2).

(3) Specification of Treatment of Impaired Classes. Section 1123(a)(3) of the Bankruptcy Code is satisfied because the Plan specifies the treatment of each Class of Claims and Interests that is impaired under the Plan, to the extent that the Claims or Interests within such Class are Allowed Claims or Allowed Interests, respectively.

(4) Equal Treatment Within Classes. Section 1123(a)(4) of the Bankruptcy Code is satisfied because the Plan provides the same treatment for each Allowed Claim or Allowed Interest within a particular Class or the holder of a particular Allowed Claim or Allowed Interest has agreed to a less favorable treatment of such Claim or Interest.

(5) Implementation of Plan. Section 1123(a)(5) of the Bankruptcy Code is satisfied because the Plan provides adequate means for its implementation. Those means include, inter alia, appropriate exit financing, cancellation of (i) the Old Common Stock, the Old Junior Preferred Stock and the Old Senior Preferred Stock, (ii) the obligations pursuant to the DIP Credit Agreement, (iii) the Indenture, and (iv) any and all guarantees executed under the DIP Credit Agreement and/or the Indenture, and issuance of the New Common Stock, and the New Subordinated Notes, the evidence of the New Subordinated Notes Indenture, the continued business of Reorganized Archibald, the continued corporate existence of Reorganized Archibald,

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the vesting of property of the Estates in Reorganized Archibald, the procedures for selection of the directors of Reorganized Archibald and the assumption or rejection of prepetition contracts. These means for the implementation of the Plan are "adequate" within the meaning of section 1123(a)(5) of the Bankruptcy Code.

(6) Charter Provisions. Section 1123(a)(6) of the Bankruptcy Code is satisfied, because in connection with the corporate transactions contemplated and described in Articles 5 and 6 of the Plan, the Debtors have agreed to take such actions as to comply in all respects with section 1123(a)(6) of the Bankruptcy Code.

(7) Selection of Officers and Directors. Section 1123(a)(7) of the Bankruptcy Code is satisfied, because the Plan contains only provisions that are consistent with the interests of holders of Claims and Interests and with public policy with respect to the manner of selection of Reorganized Archibald's officers and directors, and any successors to such officers.

(8) Assumption or Rejection of Executory Contracts. Section 1123(b)(2) of the Bankruptcy Code is applicable and has been satisfied. The Debtors' Plan provides for the assumption of various executory contracts and unexpired leases and the rejection of others. In compliance with section 365, each non-debtor party to a contract or lease being assumed received notice of Debtors' intent to assume such contract or lease. On September 6, 2002, the Debtors filed a schedule of executory contracts and unexpired leases to be assumed on the Confirmation Date (as modified as filed on September 23, 2002 the "Assumption Schedule") and a schedule of executory contracts and unexpired leases to be rejected on the Effective Date (as modified as filed on September 23, 2002 the "Rejection Schedule"). All executory contracts and unexpired leases of Archibald that have not expired by their own terms prior to the

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Confirmation Date, have not been rejected prior to the Confirmation Date and are not on the Rejection Schedule (or added thereto pursuant to section 8.2.3 of the Plan) filed by the Debtors on September 6, 2002 (as modified as filed September 23, 2002) shall be assumed by Reorganized Archibald on the Effective Date. All executory contracts and unexpired leases of Holdings that have not expired by their own terms prior to the Confirmation Date, have not been assumed prior to the Confirmation Date and are not on the Assumption Schedule of the Plan filed by the Debtors on September 6, 2002 (as modified as filed September 23, 2002) shall be deemed rejected by the Debtors on the Confirmation Date. In addition, Reorganized Archibald's assumption of the nonresidential real property leases listed on Exhibit I to the Plan (the "Amended Leases") is subject to execution by Archibald and the applicable landlords of documentation satisfactory to Archibald evidencing the amendment of such leases as agreed to by the parties described on Exhibit I. Should any landlord fail to execute appropriate documentation of the amendment set forth on Exhibit I, Archibald may, on or before the Effective Date, (i) seek to compel the landlord by motion before the Court to execute such amendment or (ii) amend the Rejection Schedule to add such Amended Lease. In addition, assumption of the lease between M.B.E.C.K.-Bartlett L.L.C. and Archibald for "Sarah's Hallmark" store in the Stearns Crossing Retail Center in Bartlett, Illinois (the "Hallmark Lease") shall only be effective in the event that the Court determines both that Archibald has an interest in the Hallmark Lease and approves the assignment of the Hallmark Lease to LorAnn II Ltd. In the event the Court determines that Archibald has no interest in the Hallmark Lease, the Hallmark Lease shall not be deemed an Assumed Contract. In the event the Court determines Archibald has an interest in the Hallmark Lease but does not approve the assignment to Lor Ann

II Ltd., the Hallmark Lease shall not be deemed an Assumed Contract and shall be deemed rejected.

(9) Settlement of Claims. Section 1123(b)(3) of the Bankruptcy Code states that a Plan may provide for the settlement or adjustment of any claim or interest belonging to the debtor or to the estate. Any and all settlements provided for in the Plan have been approved in conjunction with Confirmation.

(10) Bankruptcy Rule 3016(a). Bankruptcy Rule 3016(a) is satisfied because the Plan is dated and identifies the entities submitting it.

F. Debtors' Compliance with the Applicable Provisions of the Bankruptcy Code.

(1) Plan Complies with Title 11. Section 1129(a)(1) of the Bankruptcy Code is satisfied because the Plan complies with all applicable provisions of title 11. Section 1129(a)(2) of the Bankruptcy Code is satisfied because the Debtors, as debtors in possession, have complied with all applicable provisions of the Bankruptcy Code, including sections 1125 and 1126 and Bankruptcy Rules 3017 and 3018.

(2) Plan Proposed in Good Faith. Section 1129(a)(3) of the Bankruptcy Code is satisfied because the Plan was proposed in good faith and not by any means forbidden by law. In determining that the Plan has been proposed in good faith, the Court has examined the totality of the circumstances surrounding the filing of the Chapter 11 Cases and the formulation of the Plan. The Plan was proposed with the legitimate and honest purposes of reorganizing the Debtors and expeditiously distributing cash and securities in Reorganized Archibald to the Debtors' creditors. Further, the Plan is the product of months of extensive, arms' length negotiations among the Debtors, the Senior Secured Noteholders and the

Committee as well as numerous other creditors and their respective counsel and financial advisors.

(3) Payment for Services or Costs and Expenses. Section 1129(a)(4) of the Bankruptcy Code is satisfied because, to the extent required by that section, any payment made or to be made by the Debtors for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

(4) Directors, Officers and Insiders. Section 1129(a)(5) of the Bankruptcy Code is satisfied because the Debtors have disclosed the identities and affiliations of all Persons proposed to serve as a director or officer of Reorganized Archibald; and the appointment of such Persons to, or the continuance of such Persons in, such offices is consistent with the interests of the holders of Claims and Interests and with public policy; and the Debtors have disclosed the identity of any insider who will be employed or retained by Reorganized Archibald and the nature of any compensation for such insider.

(5) No Rate Changes. The Debtors have not proposed any rate change under the Plan. Thus, the Debtors need not obtain the approval of any governmental regulatory commission and the Plan complies with section 1129(a)(6).

(6) Best Interests of Creditors Test. Section 1129(a)(7) of the Bankruptcy Code is satisfied. The information contained in the liquidation analysis attached as Exhibit B to the Disclosure Statement, the Wagner, Anglin and Shepherd Declarations, and the evidence adduced at the Confirmation Hearing (i) was persuasive and credible, (ii) was not controverted by other evidence, and (iii) established that each holder of an impaired Claim or Interest either (a) has accepted the Plan or (b) will receive or retain under the Plan, on account of

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such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

(7) Acceptance by Certain Classes. Section 1129(a)(8)(A) of the Bankruptcy Code is satisfied with respect to all Classes of Claims impaired by the Plan, because all of the impaired Classes entitled to vote on the Plan have accepted the Plan pursuant to section 1126(c) of the Bankruptcy Code. Section 1129(a)(8)(B) of the Bankruptcy Code is satisfied with respect to Classes 1 and 2 in that such Classes are not impaired by the Plan and are therefore conclusively deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code.

(8) Best Interests of Non-Accepting Classes. Section 1129(a)(8) of the Bankruptcy Code has not been satisfied with respect to Classes 6, 7, 8 and 9 because these Classes are deemed not to have accepted the Plan pursuant to section 1126(g) of the Bankruptcy Code. Under the Plan, subject to the provisions on substantive consolidation set forth in paragraph 36 herein and in Section 5.1 of the Plan, no holder of an intercompany Claim will receive or retain any property under the Plan on account of such Claim. In addition, no holder of an equity interest in any of the Debtors will receive or retain any property under the Plan on account of such Interest. Nonetheless, the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code and thus may be confirmed without compliance with section 1129(a)(8) of the Bankruptcy Code with respect to Classes 6, 7, 8 and 9. That is, the Plan (i) does not discriminate unfairly against these Classes and (ii) is fair and equitable with respect to these Classes.

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(9) Treatment of Priority Administrative Expense Claims.

Section 1129(a)(9)(A) of the Bankruptcy Code is satisfied because the Plan provides that all Allowed Administrative Claims under section 503(b) and entitled to priority under section 507(a)(1) shall either (i) be paid the full amount of such Allowed Administrative Claim in Cash on the tenth (10th) Business Day following the later of the (a) Effective Date and (b) the date on which such Claim becomes an Allowed Claim, (ii) be paid according to ordinary business terms agreed by, and in the ordinary course of business of, the Debtors, or (iii) be paid upon other agreed terms.

(10) Treatment of Other Priority Claims. Section 1129(a)(9)(B) of the

Bankruptcy Code is satisfied because the Plan provides that the holders of Priority Claims will be paid in full in cash either (a) as soon as practicable after the tenth (10th) Business Day following the later of (i) the Effective Date, and (ii) the date on which such Claim becomes an Allowed Claim, (b) upon other agreed terms, or (c) in the case of employee benefits to existing employees not yet payable, in accordance with the Debtors' employee benefits policies.

(11) Treatment of Pre-Petition Priority Tax Claims. Section

1129(a)(9)(C) of the Bankruptcy Code is satisfied because the Plan provides that the holder of an Allowed Priority Tax Claim, at the option of Reorganized Archibald, will be paid either (a) the full amount thereof, without post-petition interest or penalty, in Cash, as soon as practicable after the tenth (10th) Business Day following the later of (i) the Effective Date, and (ii) the date on which such Claim becomes an Allowed Claim, or paid upon other agreed terms, or (b) a promissory note payable by Reorganized Archibald in a principal amount equal to the amount of such Allowed Priority Tax Claim on which interest shall accrue from and after the Effective Date at a rate of 6% or such higher or lower rate as is determined by the Bankruptcy Court to be

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appropriate under section 1129(a)(9)(C) of the Bankruptcy Code and which will be paid semi-annually in arrearages and which principal amount will be paid in full on a date or dates six (6) years after the date of assessment of such Allowed Priority Tax Claim.

(12) Acceptance of at Least One Impaired Class. Section 1129(a)(10) of the Bankruptcy Code is satisfied because at least one Class of Claims that is impaired under the Plan has accepted the Plan, determined without including any acceptance by an insider. All of the voting impaired classes referred to in the Plan have accepted the Plan.

(13) Feasibility. Section 1129(a)(11) of the Bankruptcy Code is satisfied because confirmation of the Plan is not likely to be followed by the need for further financial reorganization or liquidation of Reorganized Archibald. As part of an analysis to determine whether the Debtors have the ability to meet their obligations under the Plan, the Debtors prepared projections of their financial performance through 2005. These projections are included in the Financial Projections attached to the Disclosure Statement as Exhibit B and are relied upon by Deloitte & Touche, LLP in its liquidation analysis detailed in the Wagner Declaration and are summarized in the Anglin Declaration. Based on such projections, the Debtors believe that Reorganized Archibald will be able to make all payments required to be made pursuant to the Plan.

(14) Payment of Certain Fees. Section 1129(a)(12) of the Bankruptcy Code is satisfied because all fees payable under 28 U.S.C. § 1930 shall be paid on or before the Effective Date.

(15) Continuation of Retirement Benefits. The Debtors do not have any obligations with respect to retiree benefits (as defined in the Bankruptcy Code). Thus, Section 1129(a)(13) of the Bankruptcy Code is inapplicable and is deemed satisfied.

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(16) Only One Plan. The Plan is the only plan of reorganization of the Debtors pending before this Court or any other court, and no other party in interest has filed a competing plan.

(17) No Tax Avoidance. The primary purpose of the Plan is neither the avoidance of taxes nor the avoidance of Section 5 of the Securities Act of 1933, as amended, and no governmental unit has objected to confirmation of the Plan on any such grounds. The Plan therefore satisfies the requirements of section 1129(d) of the Bankruptcy Code.

G. Assumed Executory Contracts and Unexpired Leases. With respect to each executory contract and unexpired lease of the Debtors that is being assumed by Debtors either (i) there have been no defaults under such executory contract or unexpired lease, other than defaults of the nature set forth in section 365(b)(2) of the Bankruptcy Code or (ii) with respect to defaults other than those specified in such Section, the Debtors (a) have cured, or provided adequate assurance that the Debtors will cure, such defaults on or as soon as practicable after the Effective Date, and (b) have compensated, or provided adequate assurance that Debtors will compensate, on or as soon as practicable after the Effective Date, parties to such executory contracts or unexpired leases for any actual pecuniary loss resulting from such executory contract or unexpired lease.

H. Limited Substantive Consolidation. The provisions of the Plan with respect to the limited substantive consolidation of the Debtors for the purposes of the Plan are appropriate.

I. Releases and Injunctions. The provisions of the Plan and other provisions in the Confirmation Order dealing with releases and injunctions, specifically Sections 10.4 and 10.6, are in the best interest of the Debtors, Reorganized Archibald and all the Creditors, and the

record of the Confirmation Hearing and the Chapter 11 Cases is sufficient to support the releases, exculpations and injunctions provided for in Article 10 of the Plan.

J. Good Faith Solicitation. Based upon the record before the Court, the Debtors, the DIP Lenders, the Committee, and any of their respective officers, directors, employees, members, agents, advisors, and any other professional persons employed by any of them have acted in good faith in connection with and relating to the formulation, negotiation, solicitation, implementation, confirmation and consummation of the Plan, the Disclosure Statement and any Plan related documents, and have acted in compliance with the applicable provisions of the Bankruptcy Code and are entitled to the protections afforded by Section 1125(c) of the Bankruptcy Code.

K. Retention of Jurisdiction. The Court retains jurisdiction over the matters set forth in Article 11 of the Plan.

FINDING THAT THE PLAN IS CONFIRMABLE BASED UPON, AMONG OTHER THINGS, ALL OF THE ABOVE-STATED FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND GOOD CAUSE APPEARING THEREFOR, THE COURT HEREBY ORDERS THAT:

1. Confirmation. The Plan and each of its provisions is hereby confirmed pursuant to section 1129 of the Bankruptcy Code.

2. Provisions of Plan and Order are Nonseverable and Mutually Dependent. The provisions of the Plan and this Confirmation Order, including the findings of facts and conclusions of law set forth herein, are nonseverable and mutually dependent.

3. Objections Overruled. All objections and responses to, and statements and comments in response to, the Plan, other than those withdrawn with prejudice in their entirety prior to, or on the record at, the Confirmation Hearing, or resolved pursuant to this Confirmation Order, are hereby expressly overruled.

4. General Authorizations; Plan Modifications. The Debtors and their respective directors, officers, agents and attorneys are hereby authorized, empowered and directed, subject to the conditions set forth in the Plan, to carry out the provisions of the Plan, and to enter into, execute, deliver, file and/or perform the terms of the Plan, any technical modifications to the Plan stated on the record at the Confirmation Hearing and made part of the Plan, and any other agreements, instruments and documents related thereto or contemplated therein, including, *inter alia*, the New Subordinated Notes Indenture, the Shareholder Agreement and the Registration Rights Agreement, (collectively, the "Plan Documents"), and any amendments, supplements or modifications to such Plan Documents as may be necessary or appropriate, and to take such other steps and perform such other acts as may be necessary or appropriate to implement and effectuate the Plan, the Plan Documents or this Confirmation Order, and to satisfy all other conditions precedent to the implementation and effectiveness of the Plan and to consummate the Plan.

5. Plan Documents Approved. The form, terms and provisions of the Plan Documents are hereby approved with such modifications made prior to the Effective Date as contemplated under the Plan. Each of the Plan Documents shall constitute legal, valid, binding and authorized obligations of the respective parties thereto, enforceable in accordance with its terms (except as enforceability may be limited by any bankruptcy or insolvency proceeding filed by any party thereto subsequent to the date of the execution of such document).

6. Binding Effect. The provisions of the Plan and this Confirmation Order shall be and hereby are binding on, and enforceable by and against, the Debtors, the DIP Lenders, the Committee, the Senior Secured Noteholders, each Creditor, each holder of an

Interest and each other party in interest in the Chapter 11 Cases, including their successors and assigns, whether or not they voted to accept the Plan.

7. Implementation of Plan. Pursuant to section 1142(b) of the Bankruptcy Code, the intended parties to the Plan Documents, contemplated thereby or to be executed pursuant to the Plan, subject to the satisfaction or due waiver of each of the conditions precedent to each of such Plan Documents, are hereby directed to execute and deliver the Plan Documents and to take such other actions as shall be necessary to permit the Plan to take effect and be consummated. The Debtors shall have the right, to the fullest extent permitted under section 1142 of the Bankruptcy Code, to apply to this Court for an order (a) modifying the effect of any otherwise applicable non-bankruptcy law or (b) directing any entity to execute and deliver any instrument or to perform any other act necessary to effectuate the Plan, provided, however, that (without the consent of the affected party or parties) no such order shall modify or impair any right, title, interest, privilege or remedy expressly provided or reserved for under the Plan or this Confirmation Order.

8. Disbursing Agent. All distributions of cash under the Plan shall be made by Reorganized Archibald as Disbursing Agent or such other entity that Reorganized Archibald designates as a Disbursing Agent on the Effective Date. Distributions of New Common Stock to holders of Class 5B Claims who are holders of Senior Secured Notes and distributions of New Subordinated Notes to holders of Class 3 Claims shall be made, to the extent practicable, by DTC cancelling the existing positions of the holders of Class 5B Claims and Class 3 Claims with respect to the Senior Secured Notes and simultaneously executing a book-entry credit for the benefit of each financial institution with the number of Shares of New Common Stock and amount of New Subordinated Notes to be issued to such holder in accordance with the Plan.

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Should such distributions not be practicable through DTC, then distributions of New Subordinated Notes to holders of Class 3 Claims and distributions of New Common Stock to holders of Class 5B Claims shall be made by delivery to the Indenture Trustee of certificates issued to each of the financial institutions which are specified in writing by the Indenture Trustee. Distributions of New Common Stock to the holders of Class 5A Claims who are not holders of Senior Secured Notes and who elected Class 5B treatment shall be made to such holders at their address as set forth in the Schedules unless superceded by an address on a proof of Claim or at the last known address of such holder.

9. Disputed Claim Reserves. On and after the Effective Date, Reorganized Archibald shall establish and maintain reserves for all Disputed Claims. For purposes of establishing a reserve, Cash, New Common Stock or New Subordinated Notes will be set aside equal to the amount that would have been distributed to the holders of Disputed Claims in such Class had their Disputed Claims been deemed Allowed Claims on the Effective Date or such other amount as may be approved by the Bankruptcy Court upon motion of the Debtors or Reorganized Archibald. If, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash, New Common Stock or New Subordinated Notes held in reserve therefor shall be distributed by Reorganized Archibald to the Claimant. The balance of such Cash, New Common Stock or New Subordinated Notes, if any remaining after all Disputed Claims have been resolved, shall be distributed Pro Rata to all holders of Claims in accordance with Article 4 of the Plan. No payments or distributions shall be made with respect to a Claim which is a Disputed Claim pending the resolution of the dispute by Final Order.

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10. Disbursements. Unless otherwise provided herein, any distributions and deliveries to be made hereunder shall be made as provided in the Plan.

11. DIP Facility Claims. All amounts owing under the DIP Credit Agreement (including, without limitation, all principal, interest, fees and expenses owed thereunder) shall be paid in full in Cash by the Debtors and any outstanding letters of credit issued under and in connection with the DIP Credit Agreement shall be terminated and the commitments under the DIP Credit Agreement shall be terminated, in each case concurrently with the closing of the Exit Facility or on such other terms as may be mutually agreed upon by the holders of the DIP Facility Claims and the Debtors.

12. Bar Date for Administrative Claims. Unless otherwise ordered by the Bankruptcy Court, requests for payment of Administrative Claims, including all applications for final allowance of compensation and reimbursement of expenses of Professionals incurred through the Effective Date, must be filed and served on the Debtors, no later than forty-five (45) days after the Effective Date. Any Person that is required to file and serve a request for payment of an Administrative Claim and fails to timely file and serve such request, shall be forever barred, estopped and enjoined from asserting such Claim or participating in distributions under the Plan on account thereof. Objections to a Fee Claim must be filed and served on the Debtors, their counsel, and the requesting party by the later of (1) 75 days after the Effective Date or (2) 30 days after the filing of the applicable request for payment of the Fee Claim.

13. Assumption and Rejection of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases of Archibald that have not expired by their own terms prior to the Effective Date, have not been rejected prior to the Effective Date, and are not on the Rejection Schedule (or added thereto pursuant to section 8.2.3 of the Plan) shall be

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assumed by Reorganized Archibald on the Effective Date. All executory contracts and unexpired leases of Holdings that have not expired by their own terms prior to the Confirmation Date, have not been rejected prior to the Confirmation Date and are not on the Assumption Schedule of the Plan filed by the Debtors on September 6, 2002 (as modified as filed September 23, 2002) shall be deemed rejected on the Effective Date.

14. Amended Leases. Reorganized Archibald's assumption of the nonresidential real property leases listed on Exhibit I to the Plan (the "Amended Leases") is subject to execution by Archibald and the applicable landlords of documentation satisfactory to Archibald evidencing the amendment of such leases as agreed to by the parties described on Exhibit I. Should any landlord fail to execute appropriate documentation of the amendment set forth on Exhibit I, Archibald may, on or before the Effective Date, (i) seek to compel the landlord by motion before the Court to execute such amendment or (ii) amend the Rejection Schedule to add such Amended Lease. In addition, assumption of the lease between M.B.E.C.K.-Bartlett L.L.C. and Archibald for "Sarah's Hallmark" store in the Stearns Crossing Retail Center in Bartlett, Illinois (the "Hallmark Lease") shall only be effective in the event that the Court determines both that Archibald has an interest in the Hallmark Lease and approves the assignment of the Hallmark Lease to LorEnn II Ltd. In the event the Court determines that Archibald has no interest in the Hallmark Lease, the Hallmark Lease shall not be deemed an Assumed Contract. In the event the Court determines Archibald has an interest in the Hallmark Lease but does not approve the assignment to Lor Enn II Ltd., the Hallmark Lease shall not be deemed an Assumed Contract and shall be deemed rejected.

15. Bar Date for Filing of Rejection Claims. Unless otherwise ordered by the Bankruptcy Court, all proofs of claim with respect to Claims arising from the rejection of an

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executory contract or unexpired lease must be filed with the Bankruptcy Court and served upon counsel for the Debtors within thirty (30) days after the mailing of notice of entry of this Confirmation Order. Any Claim arising from the rejection of an executory contract or unexpired lease that is not filed within such time frame shall be released, discharged and forever barred from assertion against the Debtors, their Estates or Property, Reorganized Archibald, any of their affiliates, successors and assignees, and their properties and barred from receiving any distribution under the Plan. Any Allowed Claim arising from the Debtors' rejection of an executory contract or unexpired lease shall be treated in the Plan as a General Unsecured Claim (Class 5A).

16. Objections to Claims. Objections to Claims shall be filed with the Bankruptcy Court and served upon Creditors no later than 90 days after the Effective Date, provided however, that this deadline may be extended by the Bankruptcy Court upon motion of Reorganized Archibald, without notice or a hearing. Notwithstanding the foregoing, unless an order of the Bankruptcy Court specifically provides for a later date, any proof of claim filed after the Confirmation Date shall be automatically disallowed as a late filed claim, without any action by Reorganized Archibald, unless and until the party filing such Claim obtains the written consent of Reorganized Archibald to file such Claim late or obtains an order of the Bankruptcy Court upon notice to Reorganized Archibald that permits the late filing of the Claim, in which event, Reorganized Archibald shall have 90 days from the date of such written consent or order to object to such Claim, which deadline may be extended by the Bankruptcy Court upon motion of Reorganized Archibald, without notice or a hearing. Nothing herein shall be construed to extend the Bar Date, the Bar Date for Administrative Claims set forth in Section 2.5 of the Plan or the Bar Date for Rejection Damages set forth in Section 8.5 of the Plan.

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17. No Waiver. Neither the entry of this Confirmation Order, the execution of 0024257704

any of the documents required or contemplated hereunder or by the Plan, nor any other action or inaction by the Debtors, Reorganized Archibald (including, without limitation, the failure of the Debtors and/or Reorganized Archibald to object to any proof of claim in accordance with Section 7.5 of the Plan) shall constitute a waiver, estoppel, res judicata, release, relinquishment, abandonment or any other abrogation of any objection, defense, offset or counterclaim by the Debtors or Reorganized Archibald.

18. Causes of Actions. Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, but subject to Sections 10.3 and 10.4 of the Plan, Reorganized Archibald, on behalf of itself and holders of Allowed Claims and Interests, shall retain all Causes of Action that the Debtors had or had power to assert immediately prior to the Effective Date, including Avoidance Actions, and may commence or continue in any appropriate court or tribunal any suit or other proceeding for the enforcement of such Causes of Action. All Causes of Action shall remain the property of Reorganized Archibald. Nothing contained in the Plan shall constitute a waiver of the rights, if any, of the Debtors or Reorganized Archibald to a jury trial with respect to any Causes of Action or objection to any Claim or Interest.

19. Cancellation of Debt and Securities. Except as is necessary to allow any Disbursing Agent to fulfill its obligations under the Plan, on the Effective Date, the Senior Secured Notes and the Indenture and all obligations of the Debtors and its affiliates and subsidiaries thereunder or in respect thereof, including, but not limited to, any and all guarantees executed by the Debtors, Archibald (Canada) or any other affiliates or subsidiaries, the Old Common Stock, the Old Junior Preferred Stock, the Old Senior Preferred Stock, and any options, warrants, calls, subscriptions or other similar rights or other agreements or commitments,

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contractual or otherwise, entered into in connection with any of the foregoing, in each case, shall be cancelled and discharged and fully satisfied; provided, however, that except as otherwise provided in the Plan, notes and other evidences of Claims shall, effective upon the Effective Date, represent the right to participate, to the extent such Claims are Allowed, in the Distributions contemplated by the Plan.

20. Discharge of Claims. The rights afforded under the Plan and the treatment of Claims and Interests under the Plan and the Plan Documents will be in exchange for, and in complete satisfaction, discharge and release of, all Claims and termination of all Interests. Except as otherwise expressly provided in the Plan or in this Confirmation Order and in accordance with section 1141(d)(1) of the Bankruptcy Code, entry of this Confirmation Order acts as a discharge effective as of the Effective Date of any and all Claims against or Interests in the Debtors or any of their assets and Properties that arose at any time before the entry of this Confirmation Order. and on the Effective Date, the Debtors and Reorganized Archibald shall be deemed discharged and released to the fullest extent permitted by section 1141 of the Bankruptcy Code from all Claims and Interests, including but not limited to, demands, liabilities, Claims and Interests that arose before the Effective Date and all debts of the kind specified in sections 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not: (a) a proof of Claim or Interest is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim or Interest is Allowed; (c) the holder of a Claim or Interest votes to accept or reject the Plan; or (d) the Claim or Interest receives any distribution under the Plan.

21. Injunction. Except as otherwise provided in the Plan or this Confirmation Order, on and after the Confirmation Date (subject to the occurrence of the Effective Date), all Entities who have held, hold or may hold Claims against the Debtors or Interests in the Debtors

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are, with respect to any such Claims or Interests, permanently enjoined from: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, Reorganized Archibald or any of their Property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Entities, or any property of any such transferee or successor; (b) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means whether directly or indirectly, of any judgment, award, decree or order against the Debtors, Reorganized Archibald, any of their Property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to any of the foregoing Entities; (c) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors, Reorganized Archibald, any of their Property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to any of the foregoing Entities; (d) asserting any right of setoff, subordination, or recoupment of any kind, directly or indirectly, against any obligation due the Debtors, Reorganized Archibald, any of their Property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Entities; and (e) taking any actions in any place and in any manner whatsoever that do not conform to or comply with the provisions of the Plan. This injunction shall not apply to administrative claims not otherwise barred under the provisions of the Plan.

22. Exculpation. Except as otherwise provided by the Plan or this Confirmation Order, upon confirmation of the Plan (subject to the occurrence of the Effective Date), all Entities shall be conclusively presumed to have released each of the Debtors,

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Reorganized Archibald, the Committee, the Senior Secured Noteholders, the DIP Agent, the DIP Lenders, and any of their respective officers, directors, employees, representatives, counsel or other agents, successors or assigns (collectively, the "Exculpated Persons") of and from any claims, obligations, rights, causes of action and liabilities for any act or omission in connection with, or arising out of, the Chapter 11 Cases, including, without limiting the generality of the foregoing, the Plan, the negotiation, formulation and preparation of the Plan and Disclosure Statement and the DIP Credit Agreement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which constitute willful misconduct or gross negligence, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code and Bankruptcy Rules.

23. Releases. On the Effective Date, Reorganized Archibald, on its own behalf and as representative of the Debtors' Estates, in consideration of services rendered in the Chapter 11 Cases and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, shall be deemed to have waived, released and discharged all claims, obligations, rights, causes of action and liabilities, including derivative claims, whether based in tort, contract or otherwise, known or unknown, which they possessed, possess or may possess prior to the Effective Date and whether arising before or after the Petition Date against the Debtors, the Estates, Archibald (Canada), each of the DIP Agent, DIP Lenders, the Committee, the Senior Secured Noteholders, holders of the Old Junior Preferred Stock, holders of the Old Senior Preferred Stock, and holders of Old Common Stock and the directors, officers, employees, agents, affiliates, representatives, attorneys, professional advisors, successors and

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assigns of any of the foregoing who served in such capacities after the Petition Date (collectively, the "Third Party Releasees"), provided, however, that the foregoing release shall not apply to any action or omission that constitutes gross negligence, willful misconduct, actual fraud or criminal behavior, and provided further, that the release of each holder of the Old Junior Preferred Stock, each holder of the Old Senior Preferred Stock and each holder of the Old Common Stock, and their respective directors, officers, employees, agents, affiliates, representatives, attorneys, professional advisors, successors and assigns shall be contingent upon the receipt by the Debtors and the Senior Secured Noteholders, and their respective directors, officers, employees, agents, affiliates, representatives, attorneys, professional advisors, successors and assigns, of an equivalent release from such holder of the Old Junior Preferred Stock, the Old Senior Preferred Stock or the Old Common Stock.

24. Survival of Indemnification Claims and Obligations. Notwithstanding any other provisions, except as otherwise provided in the Plan, the Indemnification Obligations shall expressly survive Confirmation of the Plan and be binding on and enforceable against Reorganized Archibald, provided, however, that with respect to officers, directors or employees of the Debtors, such Indemnification Obligations shall survive and be binding and enforceable only with respect to officers, directors and employees who served in those capacities after the Petition Date.

25. Injunction of Claims Against, and Covenant Not to Sue, Third Party Releasees. Pursuant to section 105 of the Bankruptcy Code, each holder of a Claim who votes in favor of the Plan or any Senior Secured Notcholder who accepts any distributions pursuant to the Plan shall be deemed to have unconditionally released the Third Party Releasees from and covenanted not to sue the Third Party Releasees with respect to, and be permanently enjoined

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from initiating or continuing, any action, employment of process, or any act to collect, offset, or recover any claim related to the Debtors against any Third Party Releasee, known or unknown, which accrued on or prior to the Effective Date and whether arising before or after the Petition Date, provided that the foregoing release shall not apply to any Allowed Administrative Claim or any action or omission that constitutes gross negligence, willful misconduct, actual fraud or criminal behavior, and provided further that the release of holders of Old Junior Preferred Stock, holders of Old Senior Preferred Stock and holders of Old Common Stock, and their respective directors, officers, employees, agents, affiliates, representatives, attorneys, professional advisors, successors and assigns, shall be contingent upon such holder's delivery of a release and covenant not to sue with respect to any claim, action, employment of process, or any act to collect, offset, or recover any claim against the Debtors or the Senior Secured Noteholders, or their respective directors, officers, employees, agents, affiliates, representatives, attorneys, professional advisors, successors and assigns, known or unknown, which accrued on or prior to the Effective Date and whether arising before or after the Petition Date.

26. Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in the Debtors' Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date shall remain in full force and effect until the Effective Date, whereupon the discharge and permanent injunctions set forth in the Plan and in this Confirmation Order shall take effect.

27. Release of Liens. Except as otherwise provided in the Plan or in any contract, instrument or other agreement or document executed or delivered in connection with the Plan, on the Effective Date, all mortgages, deeds of trust, liens or other security interests against the Property of the Estates shall be released, and all the right, title and interest of any

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holder of such mortgages, deeds of trust, liens or other security interests shall revert to Reorganized Archibald.

28. Authorizations Under State Law. Subject to the provisions of the Plan, the Plan Documents and this Confirmation Order, on and as of the Effective Date, (i) Holdings shall merge with and into Archibald and (ii) Archibald shall then merge with and into Newco, a Delaware corporation, to form Reorganized Archibald. In addition, prior to the Effective Date, Archibald shall create Archibald (Canada) Holding Corp. and contribute all of the stock of Archibald (Canada) to Archibald (Canada) Holding Corp. Each such merger and creation is hereby approved and duly authorized. Reorganized Archibald and Archibald (Canada) Holding Corp. shall continue to exist on and after the Effective Date, as Delaware corporations, having all of the powers of a corporation under applicable law and without prejudice to any right of Reorganized Archibald or Archibald (Canada) Holding Corp. to alter or terminate its existence (whether by merger or otherwise) as provided by, and in conformity with, the Plan Documents and applicable state law.

29. Revesting and Vesting. On and as of the Effective Date, pursuant to Section 1141(b) of the Bankruptcy Code, all of the Property of the Estates of each of the Debtors shall become vested in Reorganized Archibald, free and clear of all Claims, interests, Liens and other encumbrances except as provided in the Plan; provided, however that the foregoing shall not alter, diminish, or otherwise affect in any manner any of the Liens granted pursuant to the Exit Facility. From and after the Effective Date, Reorganized Archibald may operate its businesses and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, subject to the terms and conditions of the Plan.

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30. Exit Facility. The Debtors and Reorganized Archibald are authorized to enter into the Exit Facility and to execute all documents, instruments and agreements in connection with, grant all liens contemplated by, and otherwise take all actions required in connection with the financing transactions under the Exit Facility, including payment of deposits to the Lenders thereunder and any changes required in the New Subordinated Notes Indenture or any agreements related thereto, to the extent such changes are approved by the Consenting Noteholder Threshold and the Lenders under the Exit Facility.

31. Pension Plans. Nothing in this Confirmation Order shall discharge any obligations of Reorganized Archibald to continue to fund, operate and administer the Pension Plans in accordance with their terms and ERISA. Accordingly, upon the entry of this Confirmation Order, any and all claims filed against either of the Debtors by the Pension Benefit Guaranty Corporation in the Chapter 11 Cases shall be disallowed and expunged in full.

32. Retention of Jurisdiction. Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over these Chapter 11 Cases after the Effective Date to the extent that it is legally permissible, including, without limitation, for the following purposes:

- (A) To determine the allocability, classification, or priority of Claims against the Debtors upon objection by Reorganized Archibald or any other party in interest;
- (B) To issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with the Plan or its execution or implementation by any Person, to construe and to take any other action to enforce and execute the Plan, the Confirmation Order, or any other order of the Bankruptcy Court, to issue such orders as may be necessary for the implementation, execution, performance and consummation of the Plan and all matters referred to herein, and to determine all matters that may be pending before the Bankruptcy Court in the Chapter

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- 11 Cases on or before the Effective Date with respect to any Entity;
- (C) To determine any and all applications for allowance of compensation and expense reimbursement of Professionals for periods before the Effective Date, as provided for in the Plan;
 - (D) To determine any Priority Tax Claims, Priority Claims, Administrative Claims or any requests for payment of Administrative Claims;
 - (E) To resolve any dispute arising under or related to the implementation, execution, consummation or interpretation of the Plan and the making of distributions thereunder, including, without limitation, any dispute concerning payment of Professional Fees and expenses;
 - (F) To determine any and all motions for the rejection, assumption, or assignment of executory contracts or unexpired leases, and to determine the allowance of any Claims resulting from the rejection of executory contracts and unexpired leases or cure Claims resulting from the assumption of executory contracts and unexpired leases;
 - (G) To determine all applications, motions, adversary proceedings, contested matters, actions, and any other litigated matters instituted prior to the closing of the Chapter 11 Cases, including but not limited to, any remands or any action brought under Section 6.3 above;
 - (H) To determine such other matters, and for such other purposes, as may be provided in the Confirmation Order or as may be authorized under provisions of the Bankruptcy Code;
 - (J) To modify the Plan under Section 1127 of the Bankruptcy Code, remedy any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order so as to carry out its intent and purposes;
 - (K) To issue such orders in aid of consummation of the Plan and the Confirmation Order notwithstanding any otherwise applicable non-bankruptcy law, with respect to any Entity, to the full extent authorized by the Bankruptcy Code;

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- (L) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated; and
- (M) To enter a Final Order closing the Chapter 11 Cases.

33. New Securities. Reorganized Archibald shall be deemed on the Effective Date to have authorized the issuance of the New Common Stock and New Subordinated Notes for distribution in accordance with the Plan, consistent with the Reorganized Archibald Certificate of Incorporation, the Shareholder Agreement and the New Subordinated Notes Indenture. Notwithstanding anything to the contrary contained in this Confirmation Order, the Plan or the Plan Documents, the New Common Stock and the New Subordinated Notes, when issued pursuant to the Plan, shall be deemed to be validly issued, fully paid and non-assessable. Pursuant to section 1145 of the Bankruptcy Code, the offer and sale of the New Common Stock shall be exempt from the registration requirements of Section 5 of the Securities Act of 1933 and any state or local laws requiring registration of the offer or sale of a security, or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security. The offer and sale of the New Common Stock is deemed to be a public offering of the New Common Stock. The rights of the holders of New Common Stock shall be governed by a Shareholder Agreement, and all such holders shall, by accepting a distribution of New Common Stock thereunder, be deemed to be a party thereto.

34. Authorization. All actions contemplated by the Plan are hereby authorized and approved in all respects (subject to the provisions of the Plan). All such actions, and any other actions described in the Plan or this Confirmation Order that would otherwise require the consent or approval of the directors or shareholders of the Debtors or Reorganized Archibald shall be deemed to have been consented to or approved and shall be effective under applicable

state law and the Bankruptcy Code, without any requirement of prior or further action by the shareholders or directors of the Debtors or Reorganized Archibald. The appropriate officers and directors of the Debtors and/or Reorganized Archibald are authorized to execute and deliver and to perform the terms of the agreements, documents and instruments contemplated by the Plan and the Disclosure Statement in the name of and on behalf of the Debtors and/or Reorganized Archibald.

35. Board of Directors. Exhibit A to the Plan specifies the office, names and affiliations of the individuals intended to serve as directors and officers of Reorganized Archibald on and after the Effective Date. On and after the Effective Date, Reorganized Archibald shall be governed in accordance with the Reorganized Archibald Certificate of Incorporation, the Reorganized Archibald Bylaws and the Shareholder Agreement. The Board of Directors of Reorganized Archibald shall initially consist of five (5) directors: four (4) directors designated by the holders of the Senior Secured Notes, and the Chief Executive Officer of Reorganized Archibald who shall also serve as the Chairman of the Board of Directors for the Initial Term. The Initial Term will 12 months.

36. Substantive Consolidation. The Estates are substantively consolidated into a single entity for certain purposes related to the consummation and implementation of the Plan, including voting, confirmation, making distributions under the Plan and Claim determination (but only for those purposes). Except as otherwise provided herein, the substantive consolidation of the Estates for these purposes shall have the following effects: (i) all Intercompany Claims by and among the Debtors may, at the option of the Debtors, be discharged and satisfied, or deemed contributions to capital; (ii) all assets and all proceeds thereof and all liabilities of any and all of the Debtors will be merged or treated as though they were merged;

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(iii) any obligation of any and all of the Debtors and all guarantees thereof executed by any of the Debtors or their affiliates or subsidiaries will be deemed to be a single obligation and will be discharged and released under the Plan; (iv) any Claims which are Filed or to be Filed in connection with any such obligation and any such guarantees will be deemed a single Claim solely against the Debtors; (v) each and every Claim which is Filed in the individual Chapter 11 Case of any of the Debtors will be deemed one Claim which is Filed against the Debtors; and (vi) all Interests, including the Old Common Stock, the Old Senior Preferred Stock and the Old Junior Preferred Stock, shall be deemed automatically canceled and retired by operation of law and shall cease to exist. Notwithstanding the foregoing, the Debtors' rights of recovery of any assets shall not be prejudiced by such consolidation. In addition, the substantive consolidation provided for herein shall not (other than for purposes related to the Plan and distributions to be made hereunder) affect (1) the legal and corporate structure of Reorganized Archibald, (2) any obligations under any leases or contracts assumed by the Archibald or Reorganized Archibald in the Plan or otherwise subsequent to the filing of these Chapter 11 Cases, (3) any obligations to pay quarterly fees to the United States Trustee, and (4) the condition precedent set forth in Section 9.1(g) of the Plan.

37. Termination of Committee. The Committee shall cease operating and dissolve on the Effective Date.

38. Exemption from Certain Taxes. Pursuant to section 1146(c) of the Bankruptcy Code; the issuance, transfer or exchange of the New Common Stock and New Subordinated Notes under the Plan or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by, the Plan or the revesting, transfer or sale of any real or personal property of the Debtors pursuant to, in implementation of, or as

contemplated by, the Plan shall not be taxed under any state or local law imposing a stamp tax, transfer tax, sales tax or similar tax or fee.

39. References to Plan Provisions. The failure to reference or discuss any particular provision of the Plan in this Confirmation Order shall have no effect on the validity, binding effect or enforceability of such provision and such provision shall have the same validity, binding effect and enforceability as every other provision of the Plan.

40. Reversal. If any or all of the provisions of this Confirmation Order are hereafter reversed, modified or vacated by subsequent order of this Court or any other court, such reversal, modification or vacatur shall not affect the validity of the acts or obligations incurred or undertaken under or in connection with the Plan prior to the Debtors' and Reorganized Archibald's receipt of written notice of any such order; nor shall such reversal, modification or vacatur of this Confirmation Order affect the validity or enforceability of such act or obligation. Notwithstanding any such reversal, modification or vacatur of this Confirmation Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on, this Confirmation Order prior to the effective date of such reversal, modification or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan and all documents, instruments and agreements related thereto or any amendments or modifications thereto.

41. Enforceability. Pursuant to sections 1123(a) and 1142(a) of the Bankruptcy Code, the provisions of this Confirmation Order, the Plan and the Plan Documents shall apply and be enforceable notwithstanding any otherwise applicable nonbankruptcy law.

42. Substantial Consummation. The Plan shall be deemed to be substantially consummated on the Effective Date.

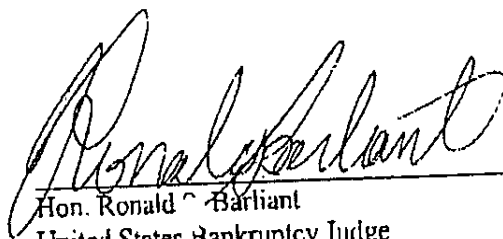
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43. Controlling Provisions. In the event and to the extent that any provision of this Confirmation Order is determined to be inconsistent with any provision of the Plan or any Plan Document or the Disclosure Statement, such provision of this Confirmation Order shall control and take precedence. In the event and to the extent that any provision of any Plan Document is determined to be inconsistent with any provision of the Plan or the Disclosure Statement, such provision of such Plan Document shall control and take precedence.

44. Findings of Fact and Conclusions of Law. All statements in this Confirmation Order that may otherwise be considered findings of fact and conclusions of law are incorporated as part of the Order of this Court confirming the Plan.

45. Notice of Entry of Confirmation Order. Within ten Business Days after the Effective Date, Reorganized Archibald shall, in accordance with Bankruptcy Rules 2002(f)(7) and (i), mail to all holders of Claims, a notice of (a) the entry of this Confirmation Order, (b) the occurrence of the Effective Date, (c) the assumption and rejection of any executory contracts of the Debtors pursuant to the Plan as well as the deadline for filing claims arising from such rejection; and (d) such other matters as Reorganized Archibald deems appropriate. The foregoing notice shall constitute due and adequate notice of this Confirmation Order within the meaning of such Bankruptcy Rules.

Dated: September __, 2002



Hon. Ronald C. Barliant
United States Bankruptcy Judge

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RETURN TO:

BRANDON MELTON

LAND AMERICA

1200 SIXTH AVE #1910

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