

**To Beneficial Owners of Insurance Notes
Holding through a Record Holder:**

Pursuant to the Plan, each holder of an Allowed General Unsecured Claim as of the record date in the Debtor's Chapter 11 Case has been granted Subscription Rights to purchase shares of New Common Stock as set forth in the Plan. Reference is made to the Plan and the Disclosure Statement dated as of November 13, 1998, as amended (the "Disclosure Statement"), for a more complete description of New Barneys, the Subscription Rights and the New Common Stock purchasable thereunder.

Each Subscription Right entitles the holder to purchase one share of New Common Stock at a price of \$ 8.68 per share. A claimant can exercise all or any portion of the number of Subscription Rights held by it, provided that it may not exercise a fractional Subscription Right.

The [Barney's, Inc. Insurance Notes] (the "Insurance Notes") are issued to a number of different parties. The entities in whose names the Insurance Notes are registered are known as record holders ("Record Holders"). Some Record Holders may hold notes on behalf of additional parties. These additional parties are considered to be beneficial owners ("Beneficial Owners").

This letter is being sent to Beneficial Owners of Insurance Notes holding through a Record Holder. If you wish to exercise the Subscription Rights to which you are entitled, your Record Holder must do so on your behalf.

**IF YOU WISH TO EXERCISE YOUR SUBSCRIPTION RIGHTS,
PLEASE CONTACT YOUR RECORD HOLDER TO MAKE THE
NECESSARY ARRANGEMENTS.** If you have any questions, you may contact the Ballot Agent, The Altman Group, Inc., at (212) 681-9600.