

# THE DEPOSITORY TRUST COMPANY

# IMPORTANT

**B#:** 9657

**DATE:** March 16, 2000

**TO:** ALL PARTICIPANTS

**FROM:** DTC PROXY DEPARTMENT

**ATTENTION:** PROXY/REORGANIZATION MANAGER

**SUBJECT:** STARTER CORPORATION  
CUSIP #855684 10 6

The Depository Trust Company received materials, including the attached Order indicating that Starter Corporation is soliciting acceptances of its Second Amended Plan of Reorganization, dated February 18, 2000 (the "Plan"). DTC has been advised by Counsel that holders of Starter Corporation Common Stock *have been deemed to reject the Plan* **|OR|** *are unimpaired* and their votes are not being solicited on the Plan. A hearing on confirmation of the Plan is scheduled to be held on March 24, 2000. Any written objections to confirmation of the Plan must be filed no later than March 20, 2000. Participants may obtain copies of the materials for voting on the Plan by contacting:

Bankruptcy Services  
At 212-376-8485

Karl Baker

Manager

Attachments

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re	)	Chapter 11 Cases
	)	
SC NEW HAVEN CORPORATION, f./k/a	)	Case No. 99-906 (PJW)
STARTER CORPORATION,	)	
SC IOWA, INC., f/k/a STARTER GALT, INC.,	)	
SC OUTLET, INC., f/k/a STARTER OUTLET	)	Jointly Administered
STORES, INC., and SC DELAWARE, INC.,	)	
f/k/a STARTER DELAWARE, INC.,	)	
	)	
Debtors.	)	

**ORDER: (A) APPROVING DISCLOSURE STATEMENT; (B) ESTABLISHING  
VOTING PROCEDURES; (C) APPROVING FORMS OF BALLOTS;  
(D) AUTHORIZING RETENTION OF BALLOTING AGENT; AND  
(E) GRANTING RELATED RELIEF**

Upon consideration of (a) the motion, dated January 25, 2000 (the "Motion"), of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for an order, among other things: (i) establishing voting procedures with respect to the "First Amended Joint Plan of Liquidation" dated January 14, 2000 (as may be amended from time to time, the "Plan"); (ii) approving the forms of ballots and notices related thereto; (iii) appointing and authorizing Debtors to retain balloting agent; and (iv) granting related relief, and (b) the adequacy of the related Disclosure Statement with respect to the Plan, and upon the affidavits of service filed in connection with the Motion and Notice of the hearing on the Disclosure Statement; and after consideration of the Motion and the adequacy of the Disclosure Statement, the record of the hearing on the Motion and the adequacy of the Disclosure Statement ("DS Hearing") and the full record of these cases; and after due deliberation and sufficient cause appearing therefor, it is

FOUND THAT:

A. Notice of the DS Hearing in the form, within the time and in accordance with the procedures approved in the Order Approving Form and Manner of Notice Regarding Hearing on February 16, 2000 and for Approval of Disclosure Statement, has been given as evidenced by affidavits of service filed with this Court. Due and sufficient notice of the Motion and DS Hearing has been provided.

B. Such notice of the DS Hearing is adequate and sufficient pursuant to the Bankruptcy Code, the Bankruptcy Rules and other applicable law.

C. Objections to the adequacy of information provided in the Disclosure Statement have been resolved or are overruled.

D. The Disclosure Statement, as amended, modified or supplemented by the record of the DS Hearing and revisions made or to be made as a result thereof, contains "adequate information", as that term is defined in section 1125 of the Bankruptcy Code.

E. Allowed Administrative Claims and Allowed Priority Tax Claims, each as defined in the Plan (collectively, the "Unimpaired Claims") are designated under the Plan as unimpaired within the meaning of section 1124 of the Bankruptcy Code and, therefore, the holders thereof are conclusively presumed to have accepted the Plan and are not entitled to vote on the Plan under section 1126(f) of the Bankruptcy Code.

F. The claims in Classes 1-7, as designated and defined in the Plan (collectively, the "Voting Impaired Claims"), are designated under the Plan as impaired within the meaning of section 1124 of the Bankruptcy Code and, pursuant to section 1126 of the Bankruptcy Code, the holders of such claims are entitled to vote to accept or reject the Plan.

G. The interests and claims in Classes 8 and 9, as designated and defined in the Plan (the

"Nonvoting Impaired Claims and Interests"), are designated under the Plan as impaired within the meaning of section 1124 of the Bankruptcy Code and will receive no distributions under the Plan and, therefore, are deemed to have rejected the Plan and are not entitled to vote on the Plan pursuant to section 1126(g) of the Bankruptcy Code.

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is granted.
2. The Disclosure Statement (including all exhibits thereto), as amended, modified or supplemented by the record of the DS Hearing and the revisions made or to be made as a result thereof, is hereby approved as containing "adequate information" within the meaning of section 1125 of the Bankruptcy Code with respect to the Plan.
3. The Debtors are authorized and empowered to solicit acceptances of the Plan in accordance with this Order.
4. In accordance with Bankruptcy Rule 3017(d), the Debtors hereby are authorized and empowered to transmit by regular mail on or before February 24, 2000: (a) to the holders of Unimpaired Claims, (i) notice of the hearing (the "Confirmation Hearing") on confirmation of the Plan, substantially in the form annexed hereto as Exhibit A (the "Notice"), (ii) this Order and (iii) the Disclosure Statement (including the Plan as annexed thereto as Exhibit A); (b) to the holders of the Voting Impaired Claims, the following documents (collectively, the "Solicitation Package"): (i) the Disclosure Statement (including the Plan as annexed thereto as Exhibit A), (ii) this Order, (iii) the Notice, and (iv) a ballot or ballots, if applicable; (c) to the holders of Nonvoting Impaired Claims and Interests, (i) a notice substantially in the form annexed hereto as Exhibit B (the "NonVoting Notice"), (ii) the Disclosure Statement (without the Plan attached thereto) and (iii) this Order; and

(d) to the United States Trustee for the District of Delaware, the Securities and Exchange Commission, the United States Attorney's Office, all entities that had filed and served, pursuant to Bankruptcy Rule 2002, a notice of appearance in the Debtors' chapter 11 cases as of February 10, 2000 and all parties to executory contracts or unexpired leases of the Debtors to be assumed, assumed and assigned or rejected, (i) the Disclosure Statement (including the Plan as annexed thereto as Exhibit A), (ii) this Order and (iii) the Notice.

5. The Notice and NonVoting Notice are approved.

6. The deadline for the Debtors' balloting agent, Bankruptcy Services, LLC ("BSI"), to receive ballots in respect of the Plan shall be *March 20, 2000 at 4:00 p.m. (Prevailing Eastern Time)*.

7. The holders of Unimpaired Claims are not entitled to vote to accept or reject the Plan and are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

8. The holders of Voting Impaired Claims are entitled to vote to accept or reject the Plan pursuant to section 1126 of the Bankruptcy Code.

9. The holders of Nonvoting Impaired Claims and Interests are deemed not to have accepted the Plan pursuant to section 1126(g) of the Bankruptcy Code.

10. The "record date" for determining which holders of the claims against or interests in any of the Debtors are entitled to vote to accept or reject the Plan, is hereby set as January 12, 2000 for Interests and February 16, 2000 for Claims.

11. The Confirmation Hearing shall be held at the United States Bankruptcy Court, 824 North Market Street, Wilmington Delaware on *March 24, 2000 at 4:00 p.m. (Prevailing Eastern*

*Time*), or as soon thereafter as counsel can be heard, and may be adjourned from time to time without further notice (other than by announcement of the adjourned date or dates at such hearing).

12. In accordance with Bankruptcy Rules 2002(b), (d), (f), (g), (i), (j) and (k), 3017 and 3018, notice of the Confirmation Hearing shall be deemed adequate and sufficient if, (a) on or before *February 24, 2000*, the Debtors serve by first class mail the Notice and NonVoting Notice as described in paragraph 4 hereof.

13. For purposes of voting, the amount and classification of a claim that will be used to tabulate acceptances and rejections of the Plan shall be exclusively as follows:

- (a) If a proof of claim has not been timely filed (*i.e.*, was not filed by the deadline set by the Court for the filing of a claim of that type), the amount of a claim shall be equal to the amount listed, if any, in respect of such claim in the Debtors' Schedules of Assets and Liabilities filed with the Court (as such schedules have been or may be amended from time to time, the "Schedules"), to the extent such claim is not listed as contingent, unliquidated, undetermined or disputed (subject to any applicable limitations set forth below). Such claim shall be placed in the appropriate Plan class based upon the Debtors' records and the classification scheme set forth in the Plan.
- (b) If a proof of claim has been timely filed for a liquidated, non-contingent claim, and has not been objected to at least two days prior to the end of the voting period with respect to the Plan, the amount and classification shall be that specified in such proof of claim as reflected in the records of the Clerk of the Court (together with BSI as agent for the Clerk of the Court, the "Clerk"), subject to any applicable limitations set forth below.
- (c) A claim recorded in the Schedules or in the Clerk's records as disputed or which, according to the Clerk's records, was not timely filed (*i.e.*, was filed after the deadline set by the Court for the filing of a claim of that type) and is not subject to the provisions of paragraph (a) above, shall be provisionally disallowed for voting purposes.
- (d) A claim which is the subject of an objection filed at least two days prior to the end of the voting period with respect to the Plan shall be provisionally disallowed for voting purposes, except to the extent and in the manner that: (i) the Debtors indicate the claim should be allowed in the Debtors' objection to such claim; (ii) such claim may be temporarily allowed for voting purposes in accordance with Bankruptcy Rule

3018; or (iii) the Court otherwise orders.

- (e) If a claim has been estimated or otherwise allowed for voting purposes by order of the Court, the amount and classification shall be that set by the Court.
- (f) A claim recorded in the Schedules or in the Clerk's records as wholly unliquidated, contingent and/or undetermined shall be accorded one vote and valued at one dollar for purposes of section 1126(c) of the Bankruptcy Code, unless: (i) the claim is disputed as set forth in subparagraph (d) above, in which case such claim shall be provisionally disallowed for voting purposes subject to the provisions set forth in subparagraph (d) above; or (ii) the holder of such claim files with the Court and serves a request for temporary allowance of such claim in a greater amount for voting purposes, in which case the provisions set forth in paragraphs 15 through 20 of this Order shall apply.
- (g) If a claim is recorded in the Schedules or in the Clerk's records as unliquidated, contingent and/or undetermined in part, the holder of the claim shall be entitled to vote that portion of the claim that is liquidated, non-contingent and undisputed in the liquidated, non-contingent and undisputed amount, subject to any limitations set forth herein and unless otherwise ordered by this Court.
- (h) Where a claim is proposed to be settled or allowed by operation of the Plan, the amount of the claim for voting purposes shall be equal to the proposed allowed amount. If the proposed settlement or allowance is not approved, the holder of such claim shall be deemed to have rejected the Plan (unless such holder elects otherwise) and such claim shall be counted for voting purposes in an amount to be determined by the Court.
- (i) Creditors shall not be entitled to vote claims to the extent such claims duplicate or have been superseded by other claims filed by or on behalf of such creditors.
- (j) If the relevant proof of claim does not indicate the appropriate classification of a claim, and such classification cannot be determined from the Schedules, such claim shall be treated as an Unsecured Claim.
- (k) This Order shall be without prejudice to the Debtors' right, on appropriate notice, to seek to have a claim disallowed or reduced for voting purposes at any time prior to the confirmation hearing.

14. The Debtors or their authorized agent shall serve holders of claims recorded as of February 16, 2000 as wholly unliquidated, contingent and/or undetermined with a notice

substantially in the form of the notice annexed to the Motion as Exhibit B setting forth the procedures and deadlines specific to their claims, by first class mail, no later than five (5) days after the entry of this Order.

15. Any holder of a wholly unliquidated, contingent or undetermined claim wishing to challenge its "one dollar, one vote" valuation must file a motion (a "Claimant's Voting Motion") for a hearing on the estimation of such claim with this Court within ten days of service of the notice described above, or as to claims timely filed after February 16, 2000, within ten days of such claim being filed.

16. Each Claimant's Voting Motion must: (a) set forth with particularity the amount and classification at which such claimant believes its claim should be allowed for voting purposes, and the evidence in support of that belief; and (b) be served on: (i) Willkie Farr & Gallagher, co-counsel for the Debtors, 787 Seventh Avenue, New York, NY 10019-6099, Attention: Michael J. Kelly, Esq., (ii) Klehr, Harrison, Harvey, Branzburg & Ellers LLP, co-counsel for the Debtors, 919 Market Street, Wilmington, DE 19801-3062, Attention: Maria Aprile Sawczuk, Esq., (iii) Cozen & O'Connor, counsel to the Official Committee of the Debtors' Unsecured Creditors, Suite 1400, Chase Manhattan Center, 1201 North Market Street, Wilmington, DE 19801, Attention: Mark E. Felger, Esq., (iv) Bingham, Dana, LLP, counsel to BankBoston, N.A. administrative agent to the Debtors' Lenders, 150 Federal Street, Boston, MA 02110-1726, Attention: Sabin Willett, Esq., (v) Swidler, Berlin, Shereff & Friedman, LLP, counsel to Beckerman, 3000 K Street, Suite 300, Washington, DC 20007, Attention: Richard H. Wyron, Esq., and (vi) the Office of the United States Trustee for the District of Delaware, Curtis Center, Suite 950 West, 601 Walnut Street, Philadelphia, PA 19106, Attention: Frank Perch, Esq., (collectively, the "Notice Entities"), so as to be received by those

parties no later than *4:00 p.m. (Prevailing Eastern Time) on March 20, 2000.*

17. In the event the Debtors subsequently file a motion objecting to such claim for voting purposes, the Claimant's Voting Motion shall be consolidated with the Debtors' motion.

18. *March 24, 2000 at 4:00 p.m. (Prevailing Eastern Time)*, shall be the date and time for a hearing on any estimation motion that is timely filed and served pursuant to paragraphs 15 and 16 of this Order (the "Estimation Hearing Date").

19. With respect to any such motions, if this Court has not temporarily or otherwise allowed all or a portion of a claim that is otherwise provisionally disallowed for voting purposes, pursuant to Bankruptcy Rule 3018(a), on or before the Estimation Hearing Date, that claim shall not be counted for voting purposes.

20. In the event that a claimant reaches an agreement with the Debtors as to the treatment of its claim, a stipulation setting forth that agreement may be presented to the Court for approval by notice of proposed stipulation and order, with presentment upon three (3) business days' notice to the Notice Entities.

21. The following rules and standards shall apply to all ballots:

- (a) For the purpose of voting on the Plan, BSI, as balloting agent, shall be deemed to be in constructive receipt of any ballot timely delivered to any address that BSI (or its authorized agent) designates for receipt of ballots cast in connection with the Plan;
- (b) Any ballot postmarked prior to March 20, 2000 but received afterward shall not be counted, unless otherwise ordered by the Court;
- (c) Pursuant to Bankruptcy Rule 3018(a), whenever a holder of a claim submits more than one ballot voting the same claim prior to the deadline for submission of ballots, except as otherwise directed by the Court, the last such ballot sent and received prior to the voting deadline shall be deemed to reflect the voter's intent and thus to supersede any prior ballots. This Court hereby

adopts a rebuttable presumption that any party that submits a superseding ballot has sufficient cause, within the meaning of Bankruptcy Rule 3018(a), to do so;

- (d) The authority of the signatory of each ballot to complete and execute the ballot shall be presumed, but each such signatory shall certify that he or she has such authority;
- (e) A holder of a claim against the Debtors 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. Accordingly, a ballot (or multiple ballots with respect to separate claims within a single class) that partially rejects and partially accepts the Plan, or that indicates both a vote for and against the Plan, shall be counted as a vote for the Plan. This provision shall not apply to summary ballots, completed by intermediaries acting on behalf of groups of claim or interest holders pursuant to an Order of this Court, that reflect the votes of beneficial holders of such claims.
- (f) Any ballot that does not indicate whether the holder of the relevant claim is voting for or against the Plan shall be counted as a vote for the Plan.
- (g) Any ballot that does not contain an original signature shall not be counted.
- (h) No ballot sent by facsimile shall be counted.

22. The forms of ballots substantially in the form annexed to the Motion as Exhibits C, D and E are approved by this Court; provided however, and the Debtors, their authorized agent or BSI shall have the right to prepare and distribute other or modified forms of ballots, substantially in conformance with such ballots and Official Form No. 14, as the Debtors find necessary.

23. This Order shall be without prejudice to the Debtors' right to seek a determination that one or more of the classes in the Plan designated as impaired, including the classes that will be receiving ballots pursuant to this Order, are unimpaired and that such class or classes are therefore deemed to have accepted the Plan without regard to how such class or classes actually voted.

24. This Order shall be without prejudice to the Debtors' right to request additional rules

and guidelines with respect to voting procedures.

25. The employment and retention of BSI as balloting agent is hereby approved pursuant to the agreement filed with the Court and BSI is authorized to perform all services relating to the solicitation of votes respecting the Plan.

26. All objections to the confirmation of the Plan must be in writing, state with particularity the grounds for objection, include proposed language for amending the Plan to resolve the objection, and be filed with this Court and served in a manner so as to be received on or before *March 20, 2000 at 4:00 p.m. (Prevailing Eastern Time)* by the Notice Parties (see paragraph 16 hereof for a listing of the Notice Parties).

27. ANY OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE IN WRITING, STATE WITH PARTICULARITY THE GROUNDS FOR OBJECTION, INCLUDE PROPOSED LANGUAGE FOR AMENDING THE PLAN TO RESOLVE THE OBJECTION AND MUST BE FILED AND STRICTLY SERVED AS PRESCRIBED HEREIN OR THE OBJECTING PARTY MAY BE BARRED FROM OBJECTING TO CONFIRMATION OF THE PLAN AND MAY NOT BE HEARD AT THE CONFIRMATION HEARING.

28. The Debtors are authorized to make non-substantive changes to the Disclosure Statement, the Plan and related documents without further Order of this Court, including, without limitation, changes to correct typographical and grammatical errors and to make conforming changes among the Disclosure Statement, the Plan, exhibits to the Disclosure Statement, and other material in the Solicitation Package prior to mailing of the Solicitation Package.

29. The Debtors are hereby authorized and empowered to take such steps and incur and pay such costs and expenses and to do such things as may be reasonably necessary to implement the

provisions of this Order.

30. The requirement of a separate memorandum of law contained in Local District Court Rule 7.1.2(a) and incorporated by reference into the Local Bankruptcy Rules by reference by General Order #9D, is waived.

31. This Court shall retain jurisdiction to hear all such matters as may be related to, or arise from, the Motion, Solicitation Package and this Order.

Dated: Wilmington, Delaware  
February 18, 2000

Peter J. Walsh  
CHIEF UNITED STATES BANKRUPTCY JUDGE