

# The Depository Trust Company

# IMPORTANT

**B#:** 1540

**DATE:** March 02, 2001

**TO:** All Participants

**CATEGORY:** Reorganization

**FROM:** DTC Proxy Department

**ATTENTION:** Proxy/Reorganization Manager

**SUBJECT:** London Fog Industries  
PTI Holdings, Inc. Common  
CUSIP # 69364P 40 6

The Depository Trust Company received materials, including the attached Notice indicating that London Fog Industries is soliciting acceptances by creditors of its Amended Joint Plan of Reorganization, dated February 2, 2001 (the "Plan"). DTC has been advised by Counsel that holders of PTI Holdings, Inc. Common **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 April 5, 2001. Any written objections to confirmation of the Plan must be filed no later than March 23, 2001. Participants may obtain copies of the materials for voting on the Plan by contacting in writing:

London Fog Plan and Disclosure Statement Requests  
c/o Sidley & Austin  
875 Third Avenue  
New York, NY 10022  
Attn.: Dana P. Kane, Esq.

Karl Baker

Manager

Attachments

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re )  
LONDON FOG INDUSTRIES, INC., ) Chapter 11  
Tax I.D. No. 36-3425294 )  
CLIPPER MIST, INC. )  
Tax I.D. No. 52-0910239 )  
LONDON FOG SPORTSWEAR, INC. ) Case No. 99-3446 (PJW)  
Tax I.D. No. 58-1148067 )  
MATTHEW MANUFACTURING ) (Jointly Administered)  
CO., INC. )  
Tax I.D. No. 52-0910348 )  
PACIFIC TRAIL, INC. )  
Tax I.D. No. 91-0502298 )  
PTI HOLDING CORP. )  
Tax I.D. No. 36-3857281 )  
PTI TOP COMPANY, INC. )  
Tax I.D. No. 36-3857280 )  
STAR SPORTSWEAR )  
MANUFACTURING CORP. )  
Tax I.D. No. 04-1865930 )  
THE MOUNGER CORPORATION )  
Tax I.D. No. 91-0992719 )  
THE SCRANTON OUTLET )  
CORPORATION )  
Tax I.D. No. 36-2956896 )  
WASHINGTON HOLDING COMPANY )  
Tax I.D. No. 43-1141194, )  
Debtors. )

NOTICE OF HEARING TO CONSIDER CONFIRMATION  
OF DEBTORS' AMENDED JOINT PLAN OF REORGANIZATION

TO ALL HOLDERS OF CLAIMS AND INTERESTS  
AND OTHER PARTIES IN INTEREST:

APPROVAL OF DISCLOSURE STATEMENT

PLEASE TAKE NOTICE that by Order dated February 2, 2001, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") approved the Debtors' Disclosure Statement to Debtors' Amended Joint Plan of Reorganization (the "Disclosure Statement") as containing adequate information within the meaning of Section 1125 of the Bankruptcy Code.

CONFIRMATION HEARING

PLEASE TAKE FURTHER NOTICE that on April 5, 2001 at 2:00 p.m. (prevailing Eastern time), or as soon thereafter as counsel may be heard, a hearing (the "Confirmation Hearing") will commence before the Honorable Peter J. Walsh, Chief United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 6th Floor, 824 Market Street, Wilmington, Delaware 19801 to consider confirmation of the Debtors' Amended Joint Plan of Reorganization (the "Plan"), as the same may be further amended or modified, and such other and further relief as may be just.

PLEASE TAKE FURTHER NOTICE that the Confirmation Hearing may be adjourned from time to time without further notice to creditors or other parties in interest other than by an announcement of such an adjournment in open court at the Confirmation Hearing or any adjournment thereof. Additionally, the Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

SUMMARY OF PLAN TREATMENT OF CLAIMS AND INTERESTS

PLEASE TAKE FURTHER NOTICE that the Plan proposes to modify the rights of certain creditors and equity securities holders of the Debtors. The Plan establishes the following classes of Claims<sup>1</sup> and Interests with the following treatment:

Class 1 Claims (Priority Claims): Unless otherwise agreed by the holder of an Allowed Priority Claim (in which event such agreement shall govern), Allowed Claims in Class 1 shall be paid in full in cash on the later of the Effective Date and a date that is as soon as practicable after the date upon which such Claim becomes an Allowed Priority Claim.

Class 2 Claims (Secured Claims arising under or related to the Senior Subordinated Notes): On the Initial Distribution Date with respect to each Allowed Claim in Class 2, the holder thereof shall receive, in full satisfaction of such Claim, its Class 2 Pro Rata Share of the number of shares contained in the Class 2 Stock Pool on the Effective Date.

Class 3 Claims (Secured Claim of the Eldersburg Mortgage): On the Effective Date, the Reorganized Debtors shall enter into the Restructured Eldersburg Mortgage in full satisfaction, release and discharge of all amounts outstanding under the Eldersburg Mortgage.

Class 4 Claims (Miscellaneous Secured Claims): The legal, equitable and contractual rights to which each holder of an Allowed Claim in Class 4 is entitled shall be left unaltered or, at the option of the Reorganized Debtors, shall be left unimpaired in the manner described in section 1124(2) of the Bankruptcy Code.

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Plan.

Class 5(a) Claims (Unsecured Claims Against LFT): Each holder of an Allowed Claim in Class 5(a) shall receive the following distributions in full satisfaction of such Claim: (i) on the Initial Distribution Date with respect to each Allowed Claim in Class 5(a), the holder thereof shall receive its Class 5 Initial Pro Rata Share of the number of shares contained in the Class 5 Stock Pool on the Effective Date; (ii) on the Final Distribution Date, each holder of an Allowed Claim in Class 5(a) shall receive its Class 5 Final Pro Rata Share of (A) the number of shares contained in the Class 5 Stock Pool on the Final Distribution Date and (B) the Class 5 Fund; and (iii) notwithstanding the foregoing, no holder of an Allowed Claim in Class 5(a) shall receive a distribution pursuant to Section 2.9(C) of the Plan with respect to such Claim, or any portion thereof, on account of which such holder received a distribution pursuant to Section 2.10(C) or Section 2.11(C) of the Plan.

Class 5(b) Claims (Unsecured Claims Against Pacific Trail): Each holder of an Allowed Claim in Class 5(b) shall receive the following distributions in full satisfaction of such Claim: (i) on the Initial Distribution Date with respect to each Allowed Claim in Class 5(b), the holder thereof shall receive its Class 5 Initial Pro Rata Share of the number of shares contained in the Class 5 Stock Pool on the Effective Date; (ii) on the Final Distribution Date, each holder of an Allowed Claim in Class 5(b) shall receive its Class 5 Final Pro Rata Share of (A) the number of shares contained in the Class 5 Stock Pool on the Final Distribution Date and (B) the Class 5 Fund; and (iii) notwithstanding the foregoing, no holder of an Allowed Claim in Class 5(b) shall receive a distribution pursuant to Section 2.10(C) of the Plan with respect to such Claim, or any portion thereof, on account of which such holder received a distribution pursuant to Section 2.9(C) or Section 2.11(C) of the Plan.

Class 5(c) Claims (Unsecured Claims Against Scranton Outlet): Each holder of an Allowed Claim in Class 5(c) shall receive the following distributions in full satisfaction of such Claim: (i) on the Initial Distribution Date with respect to each Allowed Claim in Class 5(c), the holder thereof shall receive its Class 5 Initial Pro Rata Share of the number of shares contained in the Class 5 Stock Pool on the Effective Date; (ii) on the Final Distribution Date, each holder of an Allowed Claim in Class 5(c) shall receive its Class 5 Final Pro Rata Share of (A) the number of shares contained in the Class 5 Stock Pool on the Final Distribution Date and (B) the Class 5 Fund; and (iii) notwithstanding the foregoing, no holder of an Allowed Claim in Class 5(c) shall receive a distribution pursuant to Section 2.11(C) of the Plan with respect to such Claim, or any portion thereof, on account of which such holder received a distribution pursuant to Section 2.9(C) or Section 2.10(C) of the Plan.

Class 6 Claims (Convenience Claims): Each holder of a Convenience Claim in Class 6 shall receive, in full satisfaction of its Claim, on the Effective Date or as soon as practicable thereafter, Cash equal to 10% of the amount of its Allowed Claim. By Ballot election, each holder of a Class 6 Claim may opt to be included in Class 5(a), 5(b) or 5(c), as appropriate, rather than to be included in Class 6.

Class 7 Claims and Interests (Common Stock Claims and Interests): Interests in Class 7 shall be canceled, and the holders of Claims and Interests in Class 7 shall not be entitled to receive or retain any property on account of their Claims and Interests.

Class 8 Claims and Interests (Intercompany Claims and Subsidiary Interests): The Subsidiary Interests in Class 8 shall be canceled and the holders of Claims and Interests in Class 8 shall not be entitled to receive or retain any property on account of such Claims and Interests.

PLEASE TAKE FURTHER NOTICE that, in accordance with section 1123(a)(1) of the Bankruptcy Code, the Plan does not classify Administrative Claims, the Senior DIP Facility Claim, the Subordinated DIP Facility Claim and Priority Tax Claims, but the treatment afforded such Claims under the Plan is as follows:

Administrative Claims: Subject to the provisions of Section 6.4(A) of the Plan and unless otherwise agreed by the holder of an Allowed Administrative Claim (in which event such other agreement shall govern), each holder of an Allowed Administrative Claim shall be paid in full in cash (a) at the option of the Debtors (before the Effective Date) or the Reorganized Debtors (on or after the Effective Date) (i) in the ordinary

course of business as the Claim matures, or (ii) on the Effective Date, or (b) on such other date as the Bankruptcy Court may order.

**Senior DIP Facility Claim:** On the Effective Date, the Reorganized Debtors and the Senior DIP Lender shall enter into the Senior Exit Financing Facility in full satisfaction, release and discharge of the Senior DIP Facility in the maximum principal amount of \$100 million. Any remaining obligations of the Debtors under the Senior DIP Facility shall be paid in full in Cash on the Effective Date, or otherwise satisfied in a manner acceptable to the Senior DIP Lender.

**Subordinated DIP Facility Claim:** On the Effective Date, the Reorganized Debtors shall enter into the Subordinated Exit Financing Facility in full satisfaction, release and discharge of the Subordinated DIP Facility in the maximum principal amount of \$35 million. Any remaining obligations of the Debtors under the Subordinated DIP Facility shall be paid in full in Cash on the Effective Date, or otherwise satisfied in a manner acceptable to the Subordinated DIP Lenders.

**Priority Tax Claims:** Unless otherwise agreed by the holder of an Allowed Priority Tax Claim (in which event such other agreement shall govern), each holder of an Allowed Priority Tax Claim shall, on the Effective Date, receive, at the Reorganized Debtors' option, either (a) cash equal to the amount of such Allowed Priority Tax Claim or (b) a promissory note providing for deferred cash payments over a period not to exceed six (6) years after the date of assessment of such Allowed Priority Tax Claim, of a value, as of the Effective Date, equal to the amount of such Allowed Priority Tax Claim.

#### SUMMARY OF TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

PLEASE TAKE FURTHER NOTICE that Article III of the Plan proposes the following treatment of pre-petition executory contracts and unexpired leases to which any of the Debtors are a party:

**Rejected Contracts and Leases:** Each executory contract and unexpired lease to which any of the Debtors is a party shall be deemed automatically rejected as of the Effective Date, unless such executory contract or unexpired lease (a) shall have been previously rejected or assumed by order of the Bankruptcy Court, (b) is the subject of a motion to assume filed on or before the Confirmation Date, or (c) is listed on the schedule of assumed contracts and leases annexed as Plan Schedule 3.2. The executory contracts and unexpired leases to be rejected shall include, but shall not be limited to, the executory contracts and unexpired leases set forth on Plan Schedule 3.1. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejection, pursuant to section 365(b)(1) of the Bankruptcy Code and, to the extent applicable, section 365(b)(3) of the Bankruptcy Code, as of the Effective Date.

**Assumed Contracts and Leases:** Except with respect to executory contracts and unexpired leases that have previously been assumed or are the subject of a motion to assume which was filed on or before the Confirmation Date, all executory contracts and unexpired leases specifically listed on the schedule of assumed executory contracts and unexpired leases annexed as Plan Schedule 3.2, shall be deemed automatically assumed by the applicable Debtor as of the Effective Date. Any executory contracts and unexpired leases assumed by any of the Debtors pursuant to Section 3.2 of the Plan or pursuant to any order of the Bankruptcy Court during the Cases shall be deemed assigned to the Reorganized Debtors on the Effective Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumption and assignment, pursuant to section 365 of the Bankruptcy Code. The Debtors reserve the right to file a motion on or before the Confirmation Date to assume or reject any executory contract or unexpired lease.

**Payments Related to Assumption of Executory Contracts and Unexpired Leases:** Any monetary amounts by which each executory contract and unexpired lease to be assumed under the Plan may be in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by Cure. In the event of a dispute regarding (a) the nature or the amount of any Cure, (b) the ability of the applicable Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to

assumption, Cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption and, as the case may be, assignment.

**Rejection Damages Bar Date:** If the rejection by a Debtor, pursuant to the Plan or otherwise, of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against any Debtor or Reorganized Debtor or the properties of any of them unless a proof of claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Debtors within thirty (30) days after service of the earlier of (a) notice of entry of the Confirmation Order, or (b) other notice that the executory contract or unexpired lease has been rejected pursuant to an order of the Bankruptcy Court.

#### CLASSES OF CLAIMS ENTITLED TO VOTE ON THE PLAN

PLEASE TAKE FURTHER NOTICE that in accordance with the terms of the Plan and the Bankruptcy Code, holders of Priority Claims in Class 1 and Miscellaneous Secured Claims in Class 4 are unimpaired, are conclusively presumed to have accepted the Plan and are not entitled to vote on the Plan. Additionally, holders of Impaired Claims and Interests in Class 7 and Class 8 are deemed to have rejected the Plan and are not entitled to vote on the Plan. Only the holders of Impaired Secured Claims arising under or related to the Senior Subordinated Notes in Class 2, the Secured Claim of the Eldersburg Mortgagee in Class 3, Impaired Unsecured Claims Against LFI in Class 5(a), Impaired Unsecured Claims Against Pacific Trail in Class 5(b), Impaired Unsecured Claims Against Scranton Outlet in Class 5(c) and Impaired Convenience Claims in Class 6 are entitled to vote to accept or to reject the Plan.

#### DEADLINE FOR OBJECTIONS TO CONFIRMATION OF THE PLAN

PLEASE TAKE FURTHER NOTICE that objections, if any, to confirmation of the Plan, including any supporting memoranda, must be in writing, filed with the Clerk of the Bankruptcy Court together with proof of service thereof, and shall (a) state the name and the address of the objecting party and the amount of its Claim or the nature of its Interest in the Debtors' Cases, (b) state with particularity the provision or provisions of the Plan objected to and, for any objection asserted, the legal and factual basis for such objection and (c) be served upon: (i) counsel to the Debtors, (A) Young Conaway Stargatt & Taylor, LLP, 11th Floor, Rodney Square North, P. O. Box 391, Wilmington, Delaware 19899 (Attention: Joel A. Waite, Esq.), and (B) Sidley & Austin, 875 Third Avenue, New York, New York 10022 (Attention: Kelley A. Cornish, Esq.); (ii) counsel to the Senior DIP Lender, Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, New York 10169 (Attention: Jonathan Helfat, Esq.); (iii) counsel to the Subordinated DIP Agent, Goodwin, Procter & Hoar, 53 State Street, Exchange Place, Boston, Massachusetts 02109 (Attention: Jon D. Schneider, Esq.); (iv) counsel to the Official Committee of Unsecured Creditors, Kramer Levin Naftalis & Frankel, 919 Third Avenue, New York, New York 10022 (Attention: Thomas Moers Mayer, Esq.); and (v) the United States Trustee, 601 Walnut Street, Curtis Center, Suite 950 West, Philadelphia, Pennsylvania 19106 (Attention: Frank J. Perch III, Esq.), by hand or in such manner as will cause such objection to be received on or before 4:00 p.m. (prevailing Eastern time) on March 23, 2001. Any objection not filed and served as set forth above shall be deemed waived and will not be considered by the Bankruptcy Court.

VOTING DEADLINE

PLEASE TAKE FURTHER NOTICE that the deadline for submitting ballots to accept or reject the Plan is March 23, 2001 at 4:00 p.m. (prevailing Eastern time) (the "Voting Deadline"). With the exception of ballots cast by beneficial holders of Claims in connection with the Senior Subordinated Notes due 2003 (the "Notes"), in order for a ballot to be counted, it must be properly completed, signed and returned, so as to be received by the Voting Deadline at: Bankruptcy Services, LLC, London Fog Ballot Processing, 70 East 55th Street, 6th Floor, New York, New York, 10022-3222, Attention: Ms. Katherine Gerber. Beneficial holders of Claims in connection with the Notes should promptly return their properly completed and signed ballots by mail or overnight courier to the holder of record with respect to such Notes. The record holder must tabulate all of the Ballots of the beneficial holders and transmit a Master Ballot to Bankruptcy Services, LLC at the above-referenced address, so as to be received before the Voting Deadline. Facsimile ballots will not be accepted, except for master ballots with respect to record holders of Notes.

If you believe you are entitled to vote on the Plan and did not receive a ballot, if your ballot is damaged or lost, or if you have questions concerning balloting procedures, you should contact Debtors' counsel, Dana P. Kane, Esq., at the address listed below.

COPIES OF THE PLAN AND DISCLOSURE STATEMENT

PLEASE TAKE FURTHER NOTICE that copies of the Plan and Disclosure Statement have been filed with the Bankruptcy Court and may be examined during regular business hours. Copies of these documents may be obtained by written request (which request shall include the name of the requesting party and the nature of such party's claim against or interest in the Debtors) addressed to London Fog Plan and Disclosure Statement Requests, c/o Sidley & Austin, 875 Third Avenue, New York, New York 10022 (Attention: Dana P. Kane, Esq.) – Telephone No. (212) 906-2000 and Facsimile No. (212) 906-2021.

YOUNG CONAWAY STARGATT & TAYLOR, LLP

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Co-Counsel to the Debtors and  
Debtors-In-Possession

Dated: February 5, 2001