

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

**IN RE:**

ALLEGHENY INTERNATIONAL, INC.,  
SUNBEAM CORPORATION, SUNBEAM  
HOLDINGS, INC., ALMET/LAWNLITE,  
INC., CHEMETRON CORPORATION,  
INTEGRATED SPECIALTIES, INC.,  
ALLEGHENY INTERNATIONAL (USA), INC.,  
AL-INDUSTRIAL PRODUCTS, INC.,  
ALLEGHENY INTERNATIONAL EXERCISE  
CO., WOODSHAFT, INC., CHEMETRON  
INVESTMENTS, INC., INFOSWITCH,  
INC. AND ELISKIM, INC.,

Debtors.

Jointly Administered at 88-448  
Chapter 11

Honorable Joseph L. Cosetti,  
United States Bankruptcy Judge

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**JAPONICA PARTNERS, L.P. FOURTH AMENDED DISCLOSURE STATEMENT  
AND JOINT PLAN OF REORGANIZATION**

**Dated April 5, 1990, As Amended**

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This Disclosure Statement has been approved as containing adequate information by order of the United States Bankruptcy Court entered on May 3, 1990, and its distribution to the holders of claims and equity interests is authorized by that order.

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INC., AL-INDUSTRIAL PRODUCTS,  
INC., ALLEGHENY INTERNATIONAL  
EXERCISE CO., WOODSHAFT, INC.,  
CHEMETRON INVESTMENTS, INC.,  
INFOSWITCH, INC. AND ELISKIM, INC.,  
Debtors.

Chapter 11

Jointly Administered  
at 88-448

Honorable Joseph L. Cosetti  
U.S. Bankruptcy Court

**ORDER APPROVING DISCLOSURE STATEMENT, FIXING TIME FOR FILING ACCEPTANCES OR  
REJECTIONS OF PLAN AND OBJECTIONS TO PLAN, ESTABLISHING RECORD DATE AND  
FIXING CONFIRMATION HEARING DATE COMBINED WITH NOTICE THEREOF**

Japonica Partners, L.P., having filed a disclosure statement and joint plan of reorganization under chapter 11 of the Bankruptcy Code for the Debtors on January 24, 1990, that plan having been amended following hearings on the adequacy of the disclosure statement held March 2, March 13, March 22, and April 27, 1990; and the final disclosure statement and plan of reorganization (hereinafter the "Disclosure Statement" and "Plan") dated April 5, 1990, as amended, having been considered by the Court and a final hearing on the adequacy of the Disclosure Statement having been held on May 3, 1990;

The Court having determined after hearing on notice, that the Disclosure Statement contains adequate information;

IT IS ORDERED and notice is hereby given that:

1. The Disclosure Statement is approved as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.
2. Friday, June 8, 1990 is fixed as the last day for filing written acceptances and rejections of the Plan (Ballots). Ballots must be filed by mailing or delivering the same so that they are received on or before June 8, 1990 at 5:00 p.m., Eastern Daylight Time, by:

**Mailing Address**

Allegheny International, Inc.-  
Japonica Partner, Plan of Reorganization  
c/o Claudia King & Associates  
P.O. Box 2010  
Jersey City, N.J. 07303-2010

**Delivery Address**

Allegheny International, Inc.-  
Japonica Partners, Plan of Reorganization  
c/o Claudia King & Associates  
66 York Street, 3rd Floor  
Jersey City, N.J. 07302

Ballots received prior to June 8 shall be date stamped. Ballots received on June 8 will be date stamped and time stamped.

3. By no later than Friday, May 11, 1990, the Plan, the Disclosure Statement and a ballot as approved in a subsequent order of this Court, shall be transmitted by mail to creditors, equity security holders and other parties in interest as provided in Bankruptcy Rule 3017.

4. Notwithstanding Bankruptcy Rule 3017(d), Monday, April 30, 1990 is established as the record date for purposes of voting on the Plan.

5. Thursday, June 21, 1990 at 10:00 a.m. is fixed for the hearing on confirmation of the Plan.
6. Thursday, June 14, 1990 is fixed as the last day for filing and serving, pursuant to Bankruptcy Rule 3020(b)(1), objections to confirmation of the Plan.
7. Objections to confirmation of the Plan must be served on the following parties and need be served on no other parties:

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Dated: May 3, 1990  
Pittsburgh, Pennsylvania

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/s/ JOSEPH L. COSETTI

Honorable Joseph L. Cosetti  
United States Bankruptcy Judge  
Room 1607 Federal Building  
1000 Liberty Avenue  
Pittsburgh, Pennsylvania 15222

## TABLE OF CONTENTS

I.	Summary Information .....	I-1
II.	Introduction .....	II-1
III.	Plan Overview .....	III-1
	The Cash Plan .....	III-1
	Tables .....	III-7
	Table A—Classification of Allowed Claims and Interests	
	Table B—Approximate Allocation of Consideration with Respect to Classes of Allowed Claims and Interests After Giving Effect to Post-Petition Interest Settlement	
	Table C—Potential Effect of Holdback I on Initial Distributions After Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims in Unimpaired Classes Totalling \$4,088,000 as of The Effective Date)	
	Table D—Potential Effect of Holdback I on Initial Distributions After Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims in Unimpaired Classes Totalling \$2,000,000 as of The Effective Date)	
	Table E—Potential Effect of Allegheny Holdback on Initial Distributions After Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims Against Allegheny Totalling \$40,000,000 as of The Effective Date)	
	Table F—Potential Effect of Allegheny Holdback on Initial Distributions After Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims Against Allegheny Totalling \$20,000,000 as of The Effective Date)	
	Table G—Potential Effect of Allegheny Holdback on Initial Distributions After Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims Against Allegheny Totalling \$96,000,000 as of The Effective Date)	
	Table H—Potential Effect of Chemetron Holdback on Initial Distributions After Giving Effect to Post-Petition Interest Settlement	
	Table I —Approximate Allocation of Consideration With Respect to Classes of Allowed Claims and Interests Without Giving Effect to Post-Petition Interest Settlement	
	Table J —Potential Effect of Holdback I on Initial Distributions (Assuming Post-Petition Interest Declarations and Disputed Claims in Unimpaired Classes, Totalling \$6,000,000 as of The Effective Date)	
	Table K—Potential Effect of Holdback I on Initial Distributions (Assuming Post-Petition Interest Declarations and Disputed Claims in Unimpaired Classes, Totalling \$12,000,000 as of The Effective Date)	
	Table L—Potential Effect of Allegheny Holdback on Initial Distributions Without Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims Against Allegheny Totalling \$40,000,000 as of The Effective Date)	
	Table M—Potential Effect of Allegheny Holdback on Initial Distributions Without Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims Against Allegheny Totalling \$20,000,000 as of The Effective Date)	

Table N—Potential Effect of Allegheny Holdback on Initial Distributions  
Without Giving Effect to Post-Petition Interest Settlement  
(Assuming Disputed Claims Against Allegheny Totalling  
\$96,000,000 as of The Effective Date)

Table O—Potential Effect of Chemetron Holdback on Initial Distributions  
Without Giving Effect to Post-Petition Interest Settlement

IV. Voting Instructions .....	IV-1
A. Creditors and Record Holders of Securities .....	IV-1
1. Who May Vote .....	IV-1
2. How to Vote .....	IV-2
B. Vote Required for Class Acceptance .....	IV-2
C. Securities Held in Nominee Name .....	IV-2
D. Vote on Resolving Original Issue Discount Dispute Involving Class 7.AI.1 (Allegheny Subordinated Debenture Claims) .....	IV-2
V. The Plan .....	V-1
A. The Cash Plan .....	V-1
Effective Date .....	V-1
Disputed Claims Treatment .....	V-2
B. Categories of Certain Claims Common to All Debtors .....	V-3
1. Allowed Administrative Expense Claims .....	V-3
2. Administrative Compensation Claims .....	V-3
3. Allowed Priority Claims .....	V-4
4. Allowed Tax Claims .....	V-5
5. Convenience Claims .....	V-5
C. Classification of Claims and Interests by Debtor .....	V-5
AI Exercise Co. ....	V-5
AI (USA) .....	V-5
Allegheny .....	V-5
Almet/Lawnlite .....	V-7
AL-Industrial Products .....	V-7
Chemetron .....	V-7
Chemetron Investments .....	V-7
Eliskim .....	V-8
Holdings .....	V-8
Infoswitch .....	V-8
Integrated Specialties .....	V-8
Sunbeam .....	V-8
Woodshaft .....	V-9
D. Distributions to Unimpaired Classes of Claims and Interests .....	V-9
1. Convenience Claims .....	V-10
2. AI Exercise Co. ....	V-10
3. AI (USA) .....	V-10
4. Allegheny .....	V-10
5. Almet/Lawnlite .....	V-10
6. AL-Industrial Products .....	V-11
7. Chemetron .....	V-11
8. Chemetron Investments .....	V-11
9. Eliskim .....	V-11
10. Holdings .....	V-11
11. Infoswitch .....	V-12
12. Integrated Specialties .....	V-12
13. Sunbeam .....	V-12
14. Woodshaft .....	V-13

E.	Sunbeam Structured Settlements .....	V-13
F.	Distributions to Impaired Classes of Claims .....	V-14
	Allegheny .....	V-15
	Chemetron .....	V-16
G.	Distributions to Impaired Classes of Interests .....	V-16
H.	Means for Execution of the Plan .....	V-17
	1. Distribution Trust .....	V-17
	2. Unclaimed Property .....	V-18
	3. Distribution Scheme .....	V-18
	a. Distributions—Mechanics .....	V-18
	i. Estimation of Unliquidated and Contingent Claims .....	V-18
	ii. Unimpaired Classes—Initial Distributions; Disputed Claims Distributions .....	V-18
	iii. Resolution of Claims for Post-petition Interest .....	V-19
	iv. Impaired Classes—Initial Distributions; Disputed Claims Distributions; Interim Distributions .....	V-19
	v. Distributions to Equity Holders .....	V-20
	vi. Resolution of OID Escrow and Proposed Settlement of OID Dispute .....	V-20
	4. Filing of Binding Compensation Estimates .....	V-22
	5. Special Provisions Relating to Distributions to Holders of Public Subordinated Debt and Other Public Debt .....	V-23
	6. Termination of Indenture Trustee's Duties and Release of Trustee .....	V-24
	7. Distributions of Cash; Fractional Dollar Payments .....	V-25
	8. Surrender of Outstanding Securities .....	V-25
	9. Disputed Payments .....	V-25
	10. Withholding Taxes .....	V-26
	11. Plan Alternatives .....	V-26
	12. Committee to Oversee Settlements of Disputed Claims .....	V-26
I.	Other Provisions of the Cash Plan .....	V-26
	1. Executory Contracts and Unexpired Leases .....	V-26
	2. Officer and Director Indemnification .....	V-27
	3. Continuance of Retiree Benefits and Pensions: Other Reinstated Claims .....	V-27
J.	Conditions to Confirmation of the Cash Plan .....	V-27
K.	Conditions to Consummation of the Cash Plan .....	V-28
L.	Effect of Confirmation .....	V-28
M.	Committees—Jurisdiction of Court .....	V-30
N.	Governing Law .....	V-30
O.	Withdrawal of Plan .....	V-30
P.	Conditions under which Proponent Will Withdraw Plan of Reorganization .....	V-30
VI.	The Company .....	VI-1
	A. Certain Legal Issues .....	VI-1
	1. Bank Loan Litigation .....	VI-2
	2. OID Litigation .....	VI-2
	3. Substantive Consolidation Motion .....	VI-3
	4. Preference and Fraudulent Conveyance Analysis .....	VI-3
	5. Other Litigation .....	VI-3
	B. Litigation .....	
	C. Information Concerning the Publicly-Held Securities of Allegheny, Chemetron and Sunbeam Traded on the New York Stock Exchange .....	VI-6
	D. Prior History .....	VI-6

VII.	The Purchase Transaction .....	VII-1	
A.	The Plan Proponent .....	VII-1	
	1. Claims Held .....	VII-1	1
	2. Tender Offer .....	VII-1	2
B.	The Transaction and Corporate Structure .....	VII-2	3
C.	Purchase Price .....	VII-4	4
D.	Effect of Purchase of Bank Claims .....	VII-5	5
E.	Timing .....	VII-7	6
F.	Equity Agreements .....	VII-7	7
G.	Fees .....	VII-9	8
H.	Bank Financing .....	VII-9	
	I. Board of Directors/Management .....	VII-10	
VIII.	Risk Factors to be Considered .....	VIII-1	
A.	Disputed Claims .....	VIII-1	
B.	Effect of Reinstated Claims on Holdbacks .....	VIII-1	
C.	Post-petition Interest Claim Litigation .....	VIII-1	
D.	Financing .....	VIII-2	
E.	Impasse .....	VIII-2	
IX.	Acceptance and Confirmation .....	IX-1	
A.	Classification of Claims and Interests .....	IX-1	
B.	Best Interest of Impaired Creditors and Shareholders .....	IX-1	
C.	Acceptance .....	IX-4	9
D.	Confirmation Without Acceptance by All Impaired Classes: Cramdown .....	IX-5	
X.	Alternatives to the Plan .....	X-1	
XI.	Additional Information .....	XI-1	



## EXHIBITS

1. Cash Plan of Reorganization
2. Creditors' and Shareholders' Committees and Agents of the Debtors
3. List of Companies in Chapter 11
4. Description of Debtor's Subsidiaries
5. Disputed Claims Charts (as of January 22, 1990)
6. Description of Non-Operating Expenses
7. Liquidation Analysis
8. Pro Forma Financial Statements
  - RCV and Consolidated Subsidiaries
    - Projected Pro Forma Consolidating Balance Sheet
    - Projected Pro Forma Operating Statements
  - Sunbeam Americas Holdings, Limited
    - Projected Pro Forma Operating Statements
9. O/S J.V. Projected Pro Forma Balance Sheet

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## I. SUMMARY INFORMATION

Debtors	Allegheny International, Inc. ("Allegheny"), Sunbeam Corporation ("Sunbeam"), Chemetron Corporation, Almet/Lawnlite, Inc., Sunbeam Holdings, Inc., Integrated Specialties, Inc., Allegheny International (USA), Inc., AL-Industrial Products, Inc., Allegheny International Exercise Co., Woodshaft, Inc., Chemetron Investments, Inc., Infoswitch, Inc. and Eliskim, Inc. (the "Debtors").
Proponent	Japonica Partners, L.P., a creditor and party in interest. For a description of Japonica Partners and the claims it holds, see "VII—The Purchase Transaction."
Introduction	This Disclosure Statement has been prepared by the Proponent for use by holders of Claims against and Interests in the Debtors in voting either to accept or reject the plan of reorganization submitted for a vote to holders of Claims and Interests impaired under the terms of the plan. The plan of reorganization proposed by the Proponent is entitled "Joint Plan of Reorganization" (hereinafter referred to as the "Cash Plan"). Certain classes of claims will not be paid in cash upon confirmation, but instead will be reinstated. Further, although all Distributions to all remaining creditors and interest holders will be made in cash, Distributions to impaired classes of claims are subject to Holdbacks. Reference to the "Cash Plan" is therefore qualified.
Cash Plan Summary	The Cash Plan provides for the treatment of all Claims and Interests in each of the Debtors. On the Effective Date of the Plan, all the assets of Allegheny will be transferred to RCV, Inc., a Delaware corporation ("RCV") and O/S J.V., Inc., a Delaware corporation ("O/S J.V."). RCV will transfer all of the assets it receives to its subsidiary Sunbeam Americas Holdings, Limited ("SAHL") except for the designated assets set forth in Exhibit D to the Cash Plan, which will be transferred to RCV's subsidiary NMGM, Inc. See "The Purchase Transaction" for a more complete description. It is expected that SAHL will have additional equity investors as of the Effective Date or shortly thereafter. The purchase price to be paid for the acquisition of Allegheny will depend, in part, on which classes accept the Cash Plan. If the Cash Plan is accepted by all impaired classes, the purchase price will equal the sum of (i) cash which the Proponent causes to be transferred to the Distribution Trust; (ii) the dollar amount of Reinstated Debt and Capital Leases and Reinstated Sunbeam Debentures assumed by RCV and its various subsidiaries or O/S J.V. (\$19,900,000); (iii) the priority tax obligations assumed by RCV (\$14,600,000); and (iv) the dollar amount of other assumed fixed and contingent pre- and post-petition obligations, including liabilities relating to pension plans, retiree benefit plans, environmental claims, product liability claims, workers' compensation claims, and indemnities. See Cash Plan, section 7.1. Assuming the acceptance of all impaired classes, the Cash Plan will be funded by the transfer of \$605,774,000 (plus or minus Cash Adjustments) to the Distribution Trust and \$15,018,000 to the PNB Escrow Ac-

count plus the amount of the reserve established in respect of Binding Compensation Estimates of various professionals retained by the Debtors or other parties in interest through July 2, 1990. The term "Cash Adjustments" is defined at section 1.34 of the Cash Plan. The assets purchased from the Debtors include Cash which the Debtors estimated as of March 31, 1990 would be approximately \$220,000,000. There is no assurance that the amount of cash held by the Debtors will remain constant until confirmation and closing of the asset purchase transaction. See "The Purchase Transaction" for a discussion of the terms of the purchase, the corporate structure of the Purchaser and the status of Proponent's bank financing.

Distributions Pursuant  
to The Plan

The Cash Plan provides for the payment in full of administrative expenses and priority and convenience claims against each of the Debtors. All Allowed Secured Claims against each of the Debtors other than Allegheny will be either Reinstated and assumed by Purchaser or paid in full in cash on the Effective Date. Holders of Allowed Secured Claims and Allowed Claims will receive cash distributions on the Effective Date of the Cash Plan. The Effective Date is defined as the date on which the Cash Plan is consummated. This date is the date when the conditions precedent to consummation of the Cash Plan have been satisfied, but not before the eleventh day after entry of the order confirming the Plan. See "The Plan—Conditions to Confirmation."

Under the terms of the Cash Plan, the \$605,774,000 (plus or minus Cash Adjustments) which is transferred to the Distribution Trust is allocated to the various classes of impaired and unimpaired creditors and shareholders. Distributions to unimpaired classes of creditors and impaired classes of equity security holders are not subject to a holdback for payment of the allowed portion of (i) disputed and unliquidated claims, or (ii) Post-petition Interest Declarations.

All or a portion of the distributions allocable to impaired classes of creditors are subject to holdback. The dollar amount of the reserves created to fund the holdback accounts (*i.e.*, Holdback I, Allegheny Holdback, and Chemetron Holdback) will be determined by the Court prior to the Effective Date. The dollar amount of initial distributions to a particular impaired class will be affected by the dollar amount of the Holdback accounts. Whether the reserves affect the ultimate amount of distributions to be made to a particular class will depend on the dollar amount of Disputed Claims which are allowed. Distributions to impaired classes of creditors may also be reduced if the Plan is not consummated by July 2, 1990 and Administrative Compensation Claims accrue after that date. The following summary assumes acceptance by Classes 5.SB.1, 5.SH.1 and 5.AL.1 of the settlement of Post-petition Interest Claims contained in the Cash Plan and no adjustment to the purchase price by reason of Allegheny's payment of bank commitment fees.

Allegheny

Holders of Allegheny Secured Bank Claims ("Bank Claims") will receive on the Consummation Date, in full satisfaction of such claims, cash in the amount of \$55,000,000 (not subject to Hold-

backs), plus cash in the approximate amount of \$136,742,000 (subject to Holdbacks, see "Disputed Claims" below). In full satisfaction of unsecured claims against Allegheny, cash will be distributed as follows: (i) \$3,152,000 (not subject to Holdbacks) plus approximately \$58,143,000 (subject to Holdbacks) to the members of Class 4.AI.2 (Allegheny Senior Unsecured Claims); (ii) approximately \$46,263,000 (subject to Holdbacks) to the members of Class 7.AI.1 (Allegheny Subordinated Debenture Claims) and approximately \$22,258,000 (subject to Holdbacks) to Class 5.AI.1 (Allegheny General Unsecured Claims). Record holders of Allegheny common, preferred and preference stock will receive on the Effective Date in exchange for their shares, cash Distributions in the aggregate amount of \$8,169,000. These Distributions are not subject to any Holdback.

Chemetron

Members of Class 5.CH.1 (Chemetron General Unsecured Claims) will receive, in full satisfaction of their claims, cash in the amount of \$1,598,000 (not subject to Holdbacks) and approximately \$29,501,000 (subject to Holdbacks).

Sunbeam Structured Settlement

As part of a structured settlement, members of Class 5.SB.7 (Sunbeam Institutional Unsecured Claims) will receive, in full satisfaction of their claims, cash equal to the sum of (i) their prepetition Allowed Claims, (ii) an additional \$23.750 million (in full settlement of all claims for Post-petition Interest and other charges), (iii) increases in the settlement amount commencing April 1, 1990, and (iv) interest commencing on the Effective Date if payment is not made on such Date. Because a plan of reorganization incorporating the structured settlement was not consummated prior to March 31, 1990, holders of claims of the Sunbeam institutional claims class are entitled to receive \$900,000 per month beginning on April 1, 1990 and monthly thereafter until consummation. Under the Cash Plan, such holders will receive as additional compensation in settlement of such claims, an additional \$100,000 per month for up to five months beginning on May 1, 1990. See "The Plan—Sunbeam Structured Settlement".

Sunbeam 5½% Debentures

The Cash Plan provides for the Reinstatement of the Sunbeam 5½% Debentures (Class 5.SB.3). If, under the terms of the Indenture governing the 5½% Debentures, the Debentures cannot be Reinstated, the Plan provides that Class 5.SB.3 will be left unimpaired and the Allowed Claims of Class 5.SB.3 will be paid in full. The indenture trustee for such Class 5.SB.3 intends to file a Post-petition Interest Declaration on behalf of the Class, or individual holders may file acceptances of the Post-petition Interest Settlement.

Other Debtors

Allowed Claims against Sunbeam, Sunbeam Holdings, Almet/Lawnlite, Integrated Specialties, Inc., Allegheny International (USA), Inc., AL-Industrial Products, Inc., Allegheny International Exercise Co., Woodshaft, Inc., Chemetron Investments, Inc., Infoswitch, Inc. and Eliskim, Inc. will either be paid in full in cash or reinstated and assumed by Purchaser. Allowed General Unsecured Claims against Sunbeam (Class 5.SB.1), Sunbeam Holdings (Class 5.SH.1) and Almet/Lawnlite (Class 5.AL.1) will either be unimpaired

or will have the opportunity to accept a settlement of their claims for Post-petition Interest. Holders of Claims in such classes are unimpaired; Allowed Claims will be paid in full and holders of such Allowed Claims will retain their right to seek Post-petition Interest through filing Post-petition Interest Declarations. Alternatively, members of these classes may elect to settle their claims for Post-petition Interest and receive full payment of its Allowed Claim, plus interest on such Allowed Claim at the legal rate in Pennsylvania (6%), for one year. *See* "The Plan—Means for Execution—Resolution of Claims for Post-petition Interest." *See also* "Risk Factors—Post-petition Interest Claims Litigation."

#### Disputed Claims

In order to afford holders of disputed, contingent and unliquidated claims (collectively "Disputed Claims") treatment which is the same as the treatment provided to holders of Allowed Claims, the Cash Plan provides for the following:

- A. Holdback I will be established to fund Disputed Claims against Sunbeam, Sunbeam Holdings, Almet/Lawnlite, Integrated Specialties, Allegheny International (USA), AL-Industrial Products, Inc., Allegheny International Exercise Co., Woodshaft, Inc., Chemetron Investments, Inc., Infoswitch, and Eliskim and claims for Post-petition Interest against Sunbeam, Sunbeam Holdings and Almet/Lawnlite to the extent such Post-petition Interest Claims are not settled ("Holdback I"). *See* "The Cash Plan—Disputed Claims Treatment." Distributions on Allowed Claims against those Debtors are not reduced or delayed by Holdbacks. A portion of the Asset Purchase Proceeds equal to the amount of reserves determined by the Bankruptcy Court as necessary to fund Holdback I, will be deposited into such Account. Amounts remaining in Holdback I which are not required for payment of Disputed Claims will be transferred from time to time to the Allegheny Holdback and the Chemetron Holdback.
- B. The Allegheny Holdback and the Chemetron Holdback will be established to fund the payments of the allowed portion of Disputed Claims against Allegheny and Chemetron, respectively. Funds in the Allegheny and Chemetron Holdbacks will be distributed at least quarterly to holders of Allowed Claims against Allegheny and Chemetron as Disputed Claims are settled or disallowed by order of the Court.
- C. With respect to the Original Issue Discount Dispute affecting Class 7.A1.1 (Allegheny Subordinated Debenture Claims), the Distribution Trustee will withhold from the Distribution to that class and deposit in an escrow account (the "OID Escrow"), the amount of cash that would be required to fund distributions to that class in respect of the disputed portion of such class' claims, such that if the disputed OID claims were allowed in their entirety, the holders of Allowed Claims in the class would receive the appropri-

ate percentage recovery in respect of their Claims. The Distribution Trustee will hold this cash in escrow pending a Final Order of the Court or settlement of this dispute and will then distribute the Cash in accordance with such order or settlement. Proponent is proposing to the members of Class 7:AI.1 to settle this dispute in accordance with the Bankruptcy Court's order on this matter which order has been appealed. If this settlement is accepted and the Bankruptcy Court order becomes a Final Order, there will be no such withholding. For a further explanation of the OID Dispute and the proposed settlement, see "The Company—Certain Legal Issues—OID Litigation", "The Plan—Means for Execution—Resolution of OID Escrow", and "Voting Instructions—Vote on Resolving Original Issue Discount Dispute."

#### Alternative Treatment

The Proponent reserves the right to amend the Cash Plan in the event that a class of holders of impaired claims or interests does not vote to accept the Cash Plan or the Court determines that the legal, equitable or contractual rights of an unimpaired class are altered under the Cash Plan. If the Cash Plan is approved by each class of impaired claims against Allegheny and Chemetron, and a Class of equity interests does not accept the Cash Plan, Proponent will seek to confirm the Cash Plan notwithstanding such failure to approve. If the Cash Plan is not accepted by an impaired class of claims, Proponent reserves the right to seek Confirmation notwithstanding the failure of an impaired class to accept the Cash Plan. If a class of impaired claims fails to accept, and the Plan cannot be confirmed without a material modification of the Plan, Proponent has not determined what action it would take, but reserves its rights to proceed in accordance with § 1127 of the Bankruptcy Code (modification of plan of reorganization). Proponent has not determined what action it would take if an impaired class of claims against Chemetron voted to reject the Cash Plan. It is a condition to consummation that the confirmation order be entered with respect to each Debtor.

#### Management

Currently it is expected that the Board of Directors of RCV will be composed of Paul B. Kazarian, who through P.B. Kazarian, Ltd. is a general partner of Japonica Partners, Michael G. Lederman, who through M.G. Lederman Ltd. is also a general partner of Japonica Partners, Charles Davidson, General Partner of Steinhardt Partners, Peter A. Langerman, Director and Executive Vice President of Mutual Series Fund, Inc., C.L. Pecchenino, former President and Chief Operating Officer of IC Industries, Inc., and Charles J. Thayer, former Executive Vice President of PNC Financial Corp. Paul B. Kazarian will be Chairman of the Board. Mr. Kazarian is a former Vice President of Goldman, Sachs & Co. and, through P.B. Kazarian, Ltd., is the founding General Partner of Japonica Partners. Charles Davidson served as Vice President of Goldman, Sachs & Co. from 1978 through 1985 and since that time has been a General Partner of Steinhardt Partners. Michael G. Lederman will be Secretary and

General Counsel of RCV. It is expected that shortly after consummation of the Cash Plan, additional officers will be appointed for RCV, NMGM and O/S J.V. William Webber will serve as President and Chief Operating Officer of SAHL. Michael Lederman will serve as Chief Administrative Officer and General Counsel of SAHL. Subsequent to the Effective Date, additional SAHL officers will be named. Certain of the RCV directors will also serve as directors of O/S J.V. Such designation will take place prior to confirmation of the Cash Plan. It is anticipated that the officers of O/S J.V. will be selected from the existing officers associated with the SAC/Oster appliance business. A description of the qualifications of the Officers and Directors appears at "The Purchase Transaction—Management."

Disputed Claims  
Committees

Disputed Claims Committees will be appointed to oversee the settlement of Disputed Claims. One committee will be composed of representatives of the secured and unsecured creditors of Allegheny and the Distribution Trustee or a representative selected by the Distribution Trustee. A second committee will be composed of representatives of unsecured creditors of Chemetron and the Distribution Trustee or the Trustee's representative. See "The Plan—Means for Execution—Distribution Trust."



## II. INTRODUCTION

Japonica Partners, L.P. ("Japonica"), a creditor of Allegheny International, Inc. ("Allegheny"), has filed a Joint Plan of Reorganization dated January 24, 1990 and amended as of April 5, 1990 (the "Cash Plan") pursuant to the terms of which all of the assets of Allegheny will be transferred to RCV and O/S J.V. subject to certain reinstated and assumed liabilities, including liabilities relating to pension plans, retirement benefit plans, various environmental claims, product liability claims, workers' compensation claims and indemnities. Under the terms of the Cash Plan, RCV will assume \$14.6 million in priority tax obligations and up to \$19.9 million of Debt and Capital Leases and Reinstated Sunbeam Debentures. RCV's subsidiary, SAHL, also will assume the tax obligations and reinstated obligations. RCV will transfer \$15,018,000 plus a reserve established on the basis of Binding Compensation Estimates to an escrow account at Pittsburgh National Bank to fund allowed administrative expense claims for compensation of professionals through July 2, 1990. In addition, RCV and O/S J.V. will transfer to the Distribution Trust for the benefit of the Debtors' creditors and equity security holders \$605,774,000 plus or minus Cash Adjustments.

The payment of such amount to the Distribution Trust will fund distributions to holders of Allowed Claims, Allowed Secured Claims and Equity Interests in full satisfaction of such Claims and Interests. The proceeds of the sale of Allegheny's assets will be used to fund the reorganization of Allegheny, Sunbeam Corporation ("Sunbeam"), Chemetron Corporation ("Chemetron"), Almet/Lawnlite, Inc. ("Almet/Lawnlite"), Sunbeam Holdings, Inc. ("Holdings"), Chemetron Investments, Inc. ("Chemetron Investments"), Integrated Specialties, Inc. ("Integrated Specialties"), Allegheny International (USA), Inc. ("AI (USA)"), AL-Industrial Products, Inc. ("AL-Industrial Products"), Allegheny International Exercise Co. ("AI Exercise Co."), Woodshaft, Inc. ("Woodshaft"), Infoswitch, Inc. ("Infoswitch") and Eliskim, Inc. ("Eliskim") (collectively referred to as the "Debtors") pursuant to the terms of the Cash Plan. This Disclosure Statement has been prepared in connection with solicitation of votes on the Cash Plan.

The current Debtors' Joint Stock Plan (the "Debtors' Plan") was filed on December 29, 1989 with the United States Bankruptcy Court for the Western District of Pennsylvania (the "Court" or "Bankruptcy Court") in Debtors' reorganization cases which were filed under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") on February 20, 1988 and May 3, 1988. An order approving the Debtors' Disclosure Statement, as amended, was entered by the Bankruptcy Court on February 5, 1990. The deadline for filing acceptances or rejections of the Debtors' Plan was March 30, 1990.

This Disclosure Statement has been prepared by Japonica for use by holders of claims against and interests in the Debtors in voting either to accept or reject the Cash Plan. Approval of the Disclosure Statement does not constitute a recommendation of the Cash Plan by the Bankruptcy Court.

Holders of claims against and interests in the Debtors who are entitled to vote to accept or reject the Cash Plan will each receive a ballot. Each such recipient of a ballot is asked to analyze the Cash Plan and to cast a vote to either accept or reject the Cash Plan. Japonica believes its Cash Plan offers substantial values to creditors and equity security holders, and encourages creditors and equity security holders in all impaired classes to cast their ballots to accept the Cash Plan. However, in the event that the Cash Plan is not accepted by the requisite majority of each impaired class, Japonica has reserved the right to amend the Cash Plan and will endeavor to amend it in such a manner as to permit confirmation of such Plan.

If the Cash Plan is not accepted by one or more impaired classes of claims or equity interests, Proponent reserves the right to seek confirmation notwithstanding the failure of an impaired class to accept the Cash Plan. If an impaired class fails to accept and the Plan cannot be confirmed without a material modification of the Plan, Proponent has not determined what action it would take but reserves

its rights to proceed in accordance with § 1127 of the Bankruptcy Code. If Proponent were to modify the Cash Plan, the Court would have to determine whether an amendment to this Disclosure Statement was required. Section 1127(d) of the Bankruptcy Code provides that:

(d) Any holder of a claim or interest that has accepted or rejected a plan is deemed to have accepted or rejected, as the case may be, such plan as modified, unless, within the time fixed by the court, such holder changes such holder's previous acceptance or rejection.

Proponent has not determined what action it would take if the impaired class of claims against Chemetron voted to reject the Plan. The Cash Plan contemplates that the Confirmation Order will be simultaneously effective as to each Debtor. Proponent believes that Allowed Interests in Class 8.AI.1 (Allegheny Preference Stock Interests), Class 8.AI.2 (Allegheny Preferred Stock Interests) and Class 9.AI.1 (Allegheny Common Stock Interests) would not receive any Distributions if the Cash Plan were to be confirmed on a cramdown basis over the objection of an impaired class of Allegheny claims. See "The Plan—Distributions to Impaired Classes of Interests" and "The Plan—Means for Execution—Plan Alternatives."

Proponent's obligation to transfer \$605,774,000 to the Distribution Trust is conditioned on the acceptance of the Cash Plan by Classes 7.AI.1 (Subordinated Debenture Claims), 8.AI.1 (Allegheny Preference Stock), 8.AI.2 (Allegheny Preferred Stock) and 9.AI.1 (Allegheny Common Stock). If the Cash Plan is not accepted by Class 7.AI.1 or 8.AI.1, the purchase price will be reduced by \$8,169,000 and there will be no distribution to Classes 8.AI.1, 8.AI.2 and 9.AI.1. If the Cash Plan is accepted by Class 7.AI.1 and 8.AI.1 and not accepted by Class 8.AI.2, the purchase price will be reduced by \$5,045,000 and there will be no distribution to Classes 8.AI.2 and 9.AI.1. If the Cash Plan is accepted by Classes 7.AI.1, 8.AI.1 and 8.AI.2 and is not accepted by 9.AI.1, the purchase price will be reduced by \$1,194,000 and no distribution will be made to Class 9.AI.1. The Proponent reserves the right to modify the plan to permit its confirmation notwithstanding the failure of any of these particular classes to accept the Plan.

The Cash Plan proposes to settle, compromise and dismiss with prejudice an adversary proceeding against the Allegheny Secured Bank Lenders (the "Banks"), pending before the Bankruptcy Court at Adversary Proceeding 88-186 (the "Bank Litigation"), challenging the validity of their liens and seeking damages and other remedies. (For a complete description of the Bank Litigation, see "The Company—The Reorganization—Certain Legal Issues".) Allegheny has stated that the settlement, compromise and dismissal with prejudice of the Bank Litigation as proposed in the Debtors' Plan is fair and reasonable and in the best interest of Allegheny, its creditors and shareholders.

Under the terms of the Cash Plan, the Banks will receive \$55 million in cash on the Effective Date and if the Post-petition Interest Settlement is accepted, approximately \$136,742,000 which is subject to reduction by reason of the allowance of claims payable from Holdback I and the Allegheny Holdback. In addition, consummation of the Cash Plan will constitute a settlement, compromise and dismissal with prejudice of the Bank Litigation. Proponent currently believes that the Banks' waiver of their right to assert claims for the full amount of Post-petition Interest at the contract rate and indemnification pursuant to the terms of the Cash Plan is fair and reasonable and in the best interests of Allegheny, its creditors and shareholders. A partnership, of which Proponent is the general partner, has purchased certain Bank Claims under terms which require Proponent to indemnify the sellers against any loss in connection with the Bank Litigation. As assignee of Bank Claims, confirmation of the Cash Plan will result in the compromise and settlement of the partnership's right to receive the full amount of Post-petition Interest at the contract rate and indemnification from Allegheny. The Bank Litigation will be settled, compromised and dismissed on or before the Effective Date.

The purpose of this Disclosure Statement is to provide information of a kind and in sufficient detail to enable creditors and shareholders whose votes are being solicited to make an informed judgment

whether to accept or reject the Cash Plan. On May 3, 1990, the Bankruptcy Court entered an order approving this Disclosure Statement as containing adequate information.

Creditors and shareholders should read this Disclosure Statement before voting on the Cash Plan. No solicitation of votes in favor of the Cash Plan may be made except pursuant to this Disclosure Statement.

Unimpaired creditors and unimpaired interest holders of the Debtors and holders of Convenience Claims are not entitled to vote on the Cash Plan. Creditors whose claims are not impaired may, however, file objections to confirmation of the Cash Plan.

After carefully reviewing this Disclosure Statement and all exhibits attached hereto, if you are a creditor or shareholder entitled to vote on the Cash Plan, you should indicate your vote on the enclosed ballot(s) and return the ballot(s) to:

Allegheny International—Japonica Partners Plan of Reorganization  
c/o Claudia King & Associates, Inc.  
Post Office Box 2010  
Jersey City, New Jersey 07303-2010

in the enclosed return envelope by 5:00 P.M., Eastern Daylight Time, on June 8, 1990.

**ANY BALLOTS RECEIVED AFTER 5:00 P.M., EASTERN DAYLIGHT TIME, ON JUNE 8, 1990, WILL NOT BE COUNTED.**

The Bankruptcy Court has fixed June 21, 1990 at 10:00 a.m., at the United States Bankruptcy Court, Courtroom 1603, 16th Floor, William S. Moorhead Federal Building, 1000 Liberty Avenue, Pittsburgh, Pennsylvania 15219, as the time and place for the commencement of a hearing on confirmation of the Cash Plan, and has fixed June 14, 1990, as the last date for the filing of any objections to confirmation of the Cash Plan. At the confirmation hearing, the Bankruptcy Court will consider whether the Cash Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interests of holders of impaired claims and interests who do not vote to accept it. If both the Debtors' Plan and the Cash Plan are accepted by the requisite majority of impaired classes of claims and equity interests or satisfy the cramdown standards contained in section 1129(b) of the Bankruptcy Code, the Court is required to consider the preferences of creditors and equity security holders in determining which plan to confirm. The confirmation hearing may be adjourned from time to time without further notice, except for the announcement of adjourned times at the hearing or its adjournments.

**IT IS MOST IMPORTANT FOR HOLDERS OF CLAIMS OR INTERESTS WHO ARE ENTITLED TO VOTE TO CAST VOTES EITHER TO ACCEPT OR REJECT THE CASH PLAN. EVERY HOLDER ENTITLED TO VOTE MAY VOTE TO ACCEPT BOTH THE DEBTORS' PLAN AND JAPONICA'S CASH PLAN.** For a plan to be confirmed, votes representing at least two-thirds in dollar amount and more than one-half in number of Allowed Claims or Allowed Secured Claims in each impaired class that are voted, and more than two-thirds of the Allowed Interests in each impaired class that are voted, must be cast for acceptance of such plan. Japonica will seek the acceptance of members of Classes 2.A1.2 (Allegheny Secured Bank Claims), 4.A1.2 (Allegheny Senior Unsecured Claims), 7.A1.1 (Allegheny Subordinated Debenture Claims), 5.A1.1 (Allegheny General Unsecured Claims), 8.A1.1 (Allegheny Preference Stock Interests), 8.A1.2 (Allegheny Preferred Stock Interests), 9.A1.1 (Allegheny Common Stock Interests), and 5.CH.1 (Chemetron General Unsecured Claims).

**JAPONICA BELIEVES ITS CASH PLAN OFFERS SUBSTANTIAL VALUES TO CREDITORS AND EQUITY SECURITY HOLDERS. FURTHER, JAPONICA BELIEVES THE TREATMENT OF IMPAIRED CLASSES OF CREDITORS AND SHAREHOLDERS UNDER THE CASH PLAN**

**CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UPON LIQUIDATION OF THE DEBTORS. ACCORDINGLY, JAPONICA BELIEVES THAT CONFIRMATION OF THE CASH PLAN WOULD BE IN THE BEST INTERESTS OF CREDITORS AND SHAREHOLDERS AND RECOMMENDS THAT YOU VOTE TO ACCEPT SUCH PLAN. HOWEVER, IN THE EVENT OF A "CRAMDOWN" OF THE CASH PLAN, JAPONICA RECOGNIZES THAT JUNIOR CLASSES, AND ESPECIALLY SHAREHOLDERS OF ALLEGHENY, MAY NOT HAVE ANY RIGHT TO RECEIVE ANY DISTRIBUTION. THEREFORE, THIS RECOMMENDATION IS LIMITED TO THE CASH PLAN AS CURRENTLY FILED AND NOT AS IT MAY BE AMENDED TO EFFECT A CRAMDOWN.**

The Cash Plan and this Disclosure Statement have been submitted to and reviewed by the Creditors' Committees, the Equity Holders' Committee and various counsel and advisors representing their interests. The Committees have advised that they intend to submit letters setting forth their recommendations with respect to voting on Japonica Partners' Cash Plan. Each impaired class represented by a Committee may receive a letter under separate cover setting forth the recommendation of such Committee.

#### **UNIMPAIRED CLASSES**

If you are the holder of an Allowed Claim against Sunbeam Corporation, Sunbeam Holdings, or Almet/Lawnlite which is included in either Class 5.SB.1, 5.SH.1, 5.AL.1, or 5.SB.3 (if not Reinstated) you will be paid the full amount of your Allowed Claim and have the right to seek Post-petition Interest through filing a Post-petition Interest Declaration, and thus be left unimpaired. Alternatively, holders may file an acceptance of the Post-petition Interest Settlement on or before the date first set for hearing on confirmation of the Cash Plan, and receive payment of the amount of their Allowed Claim, plus interest at Pennsylvania's legal rate of 6% for one year.

If you are the holder of an Allowed Claim or an Allowed Secured Claim against Chemetron Investments, Inc., Integrated Specialties, Inc., Allegheny International (USA), Inc., AL-Industrial Products, Inc., Allegheny International Exercise Co., Woodshaft, Inc., Infoswitch, Inc., or Eliskim, Inc., the Cash Plan leaves your Allowed Claim unimpaired, as such term is defined in § 1124 of the Bankruptcy Code, by reason of the fact that the Cash Plan provides for the payment of Allowed Claims against each of these Debtors in cash in full on the Effective Date. If you are a holder of Class 5.SB.7 Claims against Sunbeam Corporation (Institutional Creditors Class), or Class 5.SB.8 Claims (Sunbeam Reimbursement Claims), you are not impaired by reason of the fact that the Cash Plan provides for payment of the amount due under the Structured Settlement on the Effective Date. Thus, you are not entitled to vote for or against the Cash Plan.

If your claim is within any of the following classes: 5.EX.1, 5.US.1, 5.AP.1, 5.CI.1, 5.EL.1, 5.IN.1, 5.IS.1, 5.WS.1, pursuant to the Cash Plan, you will receive cash in the full amount of your Allowed Claim under the Cash Plan. If the Debtors' Plan is confirmed you will receive common stock of the reorganized Allegheny International instead of cash in full satisfaction of your claim as more fully described in the Debtors' Disclosure Statement.

Unimpaired creditors and interest holders and holders of Convenience Claims are not entitled to vote on the Cash Plan. Creditors whose claims are not impaired may, however, file objections to confirmation.

#### **IMPAIRED CLASSES**

If your claims or interests are impaired under both the Debtors' Plan and the Japonica Partners' Cash Plan, you are entitled to vote on both plans. The fact that you may have already voted to accept or reject the Debtors' Plan does not prohibit you from voting to accept or reject the Japonica Partners' Cash Plan. Under the Bankruptcy Code, although creditors and holders of equity interests may vote to

accept more than one plan of reorganization, the Court can confirm only one plan of reorganization. If competing plans both satisfy the criteria for confirmation of a plan of reorganization as set forth in § 1129 of the Bankruptcy Code, the Court is required to consider the preferences of creditors and equity security holders in determining which plan to confirm. 11 U.S.C. § 1129(c). **IT IS IMPORTANT FOR HOLDERS OF CLAIMS OR INTERESTS WHO ARE ENTITLED TO VOTE TO CAST VOTES TO EITHER ACCEPT OR REJECT THE CASH PLAN.**

The deadline for voting to accept or reject the Japonica Partners' Cash Plan is June 8, 1990.

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### III. PLAN OVERVIEW

This Disclosure Statement describes the Cash Plan, a copy of which is attached to this Disclosure Statement as Exhibit 1 and incorporated herein by reference. The following overview is qualified in its entirety by the more detailed information contained elsewhere in this Disclosure Statement and in the Cash Plan. Capitalized terms used but not defined in this Disclosure Statement are used with the same definitions given them in the Cash Plan.

#### The Cash Plan

Generally, the Cash Plan provides that the holders of Allowed Claims and Allowed Secured Claims against each of Sunbeam, Holdings, Almet/Lawnlite, Integrated Specialties, Allegheny International (USA), AL-Industrial Products, Allegheny International Exercise Co., Woodshaft, Chemetron Investments, Infoswitch and Eliskim, will, on the Effective Date or as soon as reasonably practicable thereafter, in full satisfaction of such Allowed Claims, either (i) receive payment in full in cash or (ii) have their Allowed Claims or Allowed Secured Claims Reinstated and assumed by RCV or O/S J.V. Structured Settlement arrangements for certain classes of Claims against Sunbeam, agreed to by and among Sunbeam and the members of the affected classes, are set forth in detail in Article VI of the Cash Plan. The Structured Settlement with Class 5.SB.7 provides in part for the settlement in their entirety of all Claims of the holders in such class of claims for post-petition charges by the distribution of \$23.75 million in cash provided that a plan of reorganization is consummated by March 31, 1990. Because a plan will not be consummated until a later date, the Class 5.SB.7 (Sunbeam Institutional Unsecured Claims) settlement amount will be increased. (See Article V, "The Plan—Structured Settlements" for a complete description of such Structured Settlement.) Under the Cash Plan, Class 5.SB.7 will receive the same treatment as under the Debtors' Plan, *provided however*, that holders of Class 5.SB.7 will receive on the Effective Date \$900,000 because a plan of reorganization was not consummated prior to April 1 and \$1,000,000 per month beginning May 1, and continuing to accrue each month (up to a maximum of five months) for which the Effective Date is delayed, as compensation for delay in consummating the Cash Plan.

Classes 5.AL.1 (Almet/Lawnlite General Unsecured Claims), 5.SH.1. (Holdings General Unsecured Claims), 5.SB.1 (Sunbeam General Unsecured Claims) and 5.SB.3 (Sunbeam Reinstated Claims) (if not Reinstated), will be paid the amount of their Allowed Claims in full on the Effective Date, and have the right to seek Post-petition Interest through filing a Post-petition Interest Declaration. The Cash Plan offers holders of these Claims an opportunity to settle the issue of their possible entitlement to Post-petition Interest and thereby avoid (i) the risk that Post-petition Interest Claims will be disallowed, and (ii) the costs and expenses of pursuing Post-petition Interest Claims. Under the Post-petition Interest Settlement, accepting creditors will receive payment equal to 106% of the amount of their Allowed Claims. See "The Plan—Means for Execution—Resolution of Claims for Post-petition Interest" and "Risk Factors—Post-petition Interest Claims Litigation."

Under the Cash Plan, all Allowed Secured Claims against each Debtor other than Allegheny will be Reinstated or paid in full in Cash on the Effective Date. Allowed Interests Holders in each Debtor other than Allegheny will have their Allowed Interests left unimpaired. Subject to a condition that the Cash Plan is approved by designated classes, holders of Allowed Interests in Allegheny will receive cash in full satisfaction of their interests and their stock will be cancelled.

A presently undetermined amount of compensation for services rendered by professionals subsequent to January 1, 1990 through July 2, 1990, will be distributed in payment of Allowed Administrative and Priority Claims. Amounts for Administrative Compensation Claims accruing after that date will reduce distributions to holders of claims in impaired classes. It is presently estimated that a cash distribution of \$231,941,000 million will be made to holders of Allowed Claims against Sunbeam, Holdings and Almet/Lawnlite. If members of Class 5.SH.1, Class 5.AL.1 and Class 5.SB.1 accept the Post-petition Interest Settlement, approximately \$4,934,000 will be paid to such classes in settlement.

If the Post-petition Interest Settlement is accepted, members of Class 5.CH.1 (Chemetron General Unsecured Claims) will receive Distributions equal to \$1,598,000 (not subject to Holdback) plus approximately \$29,501,000 (subject to Holdback I and the Chemetron Holdback). Representatives of certain Chemetron claim holders have asserted that Chemetron is a separate entity, that is solvent, and its creditors are therefore entitled to the same treatment as Sunbeam creditors. The Chemetron representatives have indicated an intent to object to confirmation of the Debtors' Plan and Japonica's Cash Plan on the basis that the treatment afforded such class under both plans does not comply with applicable law. If the Court determines that these objections are meritorious, Japonica reserves the right to modify its plan to the extent necessary to obtain the requisite acceptances of the class or, in the alternative, to leave such class unimpaired. Proponent estimates that holders of Class 5.CH.1 will receive an initial distribution of approximately 89% of their Allowed Claim on the Effective Date. See Table C and Example 2 in Table H. Given the significant initial distribution to Class 5.CH.1, Proponent believes that the requisite majority of Class 5.CH.1 will accept the Cash Plan.

Members of Class 2.A1.2 (Allegheny Secured Bank Claims), will receive Distributions equal to \$55,000,000 (not subject to Holdback) in cash on the Effective Date plus approximately \$136,742,000 (subject to Holdback I and the Allegheny Holdback) if the Post-petition Interest Settlement is accepted. In recognition of the Class 2.A1.2 (Allegheny Secured Bank Claims) receiving only the distribution above described with respect to much larger claims for post-petition interest and charges, the Cash Plan also provides for an indemnity to the Banks, in an amount not to exceed \$3 million, and that the Bank Litigation, in which the Equity Committee intervened against the Banks, will be settled, compromised and dismissed with prejudice. See "The Company—The Reorganization—Certain Legal Issues".

Cash Distributions will be made to holders of allowed unsecured claims against Allegheny and Allegheny's Debtor Subsidiaries. After reductions for the Post-petition Interest Settlement, Proponent estimates that: Class 4.A1.2 (Allegheny Senior Unsecured Claims) will receive \$3,152,000 (not subject to Holdback) plus \$58,143,000 (subject to Holdback I and the Allegheny Holdback); Class 7.A1.1 (Allegheny Subordinated Debenture Claims) will receive, subject to the OID Escrow, \$46,263,000 (subject to Holdback I and the Allegheny Holdback); and Class 5.A1.1 (Allegheny General Unsecured Claims) will receive \$22,258,000 (subject to Holdback I and the Allegheny Holdback).

Holders of unsecured claims in the following classes will receive cash payments equal to 100% of their Allowed Claims: Classes 5.EX.1 (AI Exercise Co. General Unsecured Claims), 5.US.1 (AI (USA) General Unsecured Claims), 5.AP.1 (AL-Industrial Products General Unsecured Claims), 5.CI.1 (Chemetron Investments General Unsecured Claims), 5.EL.1 (Eliskim General Unsecured Claims), 5.IS.1 (Integrated Specialties General Unsecured Claims), 5.IN.1 (Infoswitch General Unsecured Claims) and 5.WS.1 (Woodshaft General Unsecured Claims). Creditors of these subsidiaries are receiving full payment of their Allowed Claims because the Debtors' liquidation analysis (see "Acceptance and Confirmation—Best Interests of Impaired Creditors and Shareholders") indicates such classes would receive 100% of their Claims in liquidation or because the Proponent has determined that Cash Distributions to such subsidiaries are *de minimis* and such treatment is administratively convenient.

In order to afford holders of disputed, contingent and unliquidated Claims (collectively "Disputed Claims") treatment which is similar to the treatment given to holders of Allowed Claims of a Debtor, the Cash Plan provides for "Holdbacks" from impaired creditor classes. Holdback I will reserve funds from the distributions to impaired classes of Claims (2.A1.2, 4.A1.2, 5.A1.1, 7.A1.1 and 5.CH.1) sufficient to provide for payment in full, in cash, of all Disputed Claims of unimpaired classes, and timely filed Post-petition Interest Declarations filed against Sunbeam, Holdings and Almet/Lawnlite. If the Post-petition Interest Settlement is accepted by all members of Classes 5.AL.1, 5.SH.1 and 5.SB.1, it will reduce the size of Holdback I. Under the Debtors' Plan, the allowed amount of claims for Post-petition Interest and Disputed Claims against Sunbeam, Holdings and Almet/Lawnlite will be secured by letters of credit issued for the account of Allegheny which if drawn, will increase the debt and decrease the net worth



of the Reorganized Debtors. Holdbacks under the Cash Plan spread the risk of later increases in the total amount of Allowed Claims over impaired creditor Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1 and 5.CH.1. Under the Debtors' Plan, such risk is borne by these classes and by classes 5.EX.1, 5.US.1, 5.Cl.1, 5.EL.1, 5.IN.1, 5.IS.1, 5.WS.1, 8.AI.1, 8.AI.2, and 9.AI.1. The Cash Plan provides for distributions to these ten classes totalling approximately \$9 million.

The Allegheny Holdback will provide a reserve for payment of Disputed Claims in impaired Allegheny classes from Distributions to Classes 2.AI.2, 4.AI.2, 5.AI.1 and 7.AI.1. The Chemetron Holdback will provide a reserve for Disputed Claims in Class 5.CH.1 from Distributions to that Class. Distributions on Allowed Claims in unimpaired classes are not reduced or delayed by Holdbacks. For a discussion of the Distribution Trust and the establishment of Holdback accounts and associated expenses, see "The Plan—Means for Execution—Distribution Trust."

Following the Effective Date, a committee consisting of a person designated by Class 2.AI.2 (Allegheny Secured Bank Claims), a person designated by the AI Unsecured Creditors' Committee as a representative of Class 7.AI.1 (Allegheny Subordinated Debenture Claims), a person designated by the AI Unsecured Creditors' Committee as a representative of Class 4.AI.2 (Allegheny Senior Unsecured Claims), and the Distribution Trustee or a person designated by such Trustee, will be established to approve any settlement of Disputed Claims against Allegheny made after the Effective Date. A separate representative of Class 5.CH.1 will be selected to approve any settlement of Disputed Claims against Chemetron made after the Effective Date.

The Cash Plan treats the original issue discount dispute regarding the Allowed amount of the claims of holders of Allegheny's 10.4% Subordinated Sinking Fund Debentures due 2002 (see "The Company—The Reorganization—Certain Legal Issues") in the same manner as under the Debtors' Plan. The Distribution Trustee will withhold from the Distributions due members of Class 7.AI.1 (Allegheny Subordinated Debenture Claims) after Holdbacks, an amount of cash such that if the disputed portion of the claims of such class were allowed in its entirety, all members of this class would receive equivalent distributions in respect of the portion of their claims which are subject to the OID Dispute. The withheld amount will be held by the Distribution Trustee in escrow and distributed upon a Final Order resolving or approving a settlement of this dispute. Proponent estimates that approximately \$5,322,577 will be withheld for this purpose. Proponent proposes in the Cash Plan to members of Class 7.AI.1 that they accept as the resolution of this dispute, the allowance of a claim in the amount determined by the Bankruptcy Court in its decision on this dispute. The Bankruptcy Court decision is presently on appeal. See "The Plan—Means for Execution of the Plan—Resolution of OID Escrow." Proponent reserves the right to amend the Cash Plan and this Disclosure Statement to facilitate the settlement of this Disputed Claim at any time prior to entry of an order of the Bankruptcy Court under Section 1125(b) of the Bankruptcy Code approving this Disclosure Statement. Proponent holds \$10,000 in face amount of Allegheny 10¾% Subordinated Sinking Fund Debentures due 1999, and has tendered for all Allegheny Subordinated Sinking Fund Debentures, including the 10.4% Subordinated Debentures. See "The Purchase Transaction—The Plan Proponent—Tender Offer."

For federal income tax purposes, creditors who receive cash in full satisfaction of their claims and stockholders who receive cash in exchange for their stock will recognize gain or loss equal to the difference between the amount of cash received (other than any cash allocated to accrued interest) and such creditor's or stockholder's basis in such claim or such stock. The character of such gain or loss as ordinary income or loss or as short- or long-term capital gain or loss will depend on the particular circumstances of such creditor or stockholder with respect to the origin and nature of such claim. Amounts received in respect of interest accrued during a creditor's holding period for its claim will be taxable as interest, if not previously included in income, whether or not gain or loss is otherwise recognized by the creditor. The extent to which the cash to be received by a creditor is allocable to accrued but unpaid interest is uncertain. A creditor that already has included such interest in income

will recognize a loss to the extent that interest previously included in income is not paid in full. Each creditor and stockholder should consult with its own tax advisor in this regard.

A creditor who has a right to receive additional distributions in the future will generally not be able to recognize a loss until such time as such future distributions are made or their amount determined. The foregoing discussion may not apply to a creditor or stockholder who will have a continuing interest in any of the Debtors as a result of the Plan.

All existing securities which are not Reinstated will be cancelled.

#### **Tables A, B, C, D, E, F, G, H, I, J, K, L, M, N and O**

The following tables set forth the classification and treatment of "Allowed Claims" (including Allowed Secured Claims) against, and "Allowed Interests" in, each of the Debtors. Table A provides a classification of estimated Allowed Claims (including Allowed Secured Claims) against and Allowed Interests in each of the Debtors. Except as noted, the estimated amount of Allowed Claims contained in the Tables comes from the Debtors' Disclosure Statement.

Table B shows Japonica's estimation of the ultimate distributions to be made under its Cash Plan in the event that claims for Post-petition Interest are settled as proposed in the Cash Plan. Japonica's estimation of Distributions to be made under its Cash Plan is based on assumptions as to the final amount of Allowed Claims. Proponent followed the Debtors' assumptions as to the final amount of Allowed Claims.

Tables C and D show Japonica's calculation of the effect of Holdback I on initial distributions to impaired classes in the event that claims for Post-petition Interest are settled as proposed in the Plan, and the Bankruptcy Court determines that reserves for Disputed Claims in unimpaired classes in the amount of \$4,088,000 or \$2,000,000 must be created on the Effective Date. Tables E, F and G show examples of the effect of the Allegheny Holdback on the level of initial distributions to Allegheny Impaired Classes based on differing estimates as to the amount of Disputed Claims, assuming the proposed Settlement of Post-petition Interest Claims is effective. Table H shows examples of the effect of the Chemetron Holdback on the level of initial distributions to 5.CH.1 based on differing estimates as to the amount of Disputed Claims. As Disputed Claims are disallowed or settled and funds are released from the various Holdbacks, additional Distributions would be made to holders of Allowed Claims within the classes subject to Holdbacks. Tables I through O provide similar examples, but assume that the Post-petition Interest Settlement is not accepted. These amounts could also vary if the Cash Plan is not consummated by July 2, 1990, and additional Administrative Compensation claims accrue after that date. See "The Plan—Means for Execution—Binding Compensation Estimates."

The precise amount of initial distributions to impaired classes will vary depending on the number and amount of Disputed Claims, whether the Post-Petition Interest Settlement is accepted, and which Holdbacks affect the class. A class of claims which is subject to more than one Holdback should add the Holdback Amount for each Holdback to determine the amount which might be distributed on the Effective Date. For example, a bondholder in Class 7.A1.1 might calculate the initial distribution by taking the Holdback I Amount from Table D (\$336,000) adding to that the Allegheny Holdback Amount from Table F (\$2,052,000) for an aggregate Holdback Amount equal to \$2,388,000. That aggregate Holdback Amount would then be subtracted from the Distribution before Holdback (\$46,263,000) for an initial distribution to the Class of \$43,875,000. To determine the initial distribution as a percentage of claim, divide the amount of the initial distribution, by the Estimated Allowed Claims for the Class (\$111,479,000) and multiply by 100 (39.36%).

The Debtors have stated, based upon their experience to date in resolving claims, that aggregate Allowed Claims and Allowed Secured Claims of Debtors other than Sunbeam, Almet/Lawnlite and Holdings should ultimately be approximately \$455 million, although there can be no assurance that Allowed Claims will not be greater than or less than this amount. The Debtors represent that they

presently have liquidated Disputed Claims which exceed the Debtors' estimates of Allowed Claims by approximately \$132 million. Of this amount, the majority of Disputed Claims (approximately \$96,862,000) relate to Class 5.A1.1 (Allegheny General Unsecured Claims).

Of the \$132 million, \$13.6 million relates to claims by Banks for post-petition interest and fees. It is anticipated that these Disputed Claims will be disallowed either by stipulation or as a result of the compromise and settlement of the claims of Class 2.A1.2 pursuant to the terms of the Cash Plan.

Of the balance of \$122.4 million of Disputed Claims, \$41 million relates to Disputed Claims filed by the Debtors' insurers in respect of surety bonds for workers' compensation, bid and performance bonding. The Debtors have advised Proponent that of this \$122.4 million, there is an agreement in principle with respect to the Disputed Claim of Federal Insurance Co. in the amount of \$26,464,857. Federal Insurance will have an Allowed Claim of \$600,000 subject to certain setoff rights of Allegheny in the amount of approximately \$200,000. Approval of this settlement will reduce Disputed Claims to \$96,045,000.

Of this \$96,045,000, five claims represent \$46.1 million of the remaining Disputed Claims. One of these claims is the claim of Figgie International against Chemetron of \$11.7 million. The Debtors have advised Proponent that there is an agreement in principle pursuant to the terms of which this Disputed Claim will be allowed in the amount of \$400,000, with Chemetron and perhaps Allegheny agreeing to assume certain liabilities going forward in connection with product liability claims asserted against Figgie International.

Included within the remaining \$84.2 million of Disputed Claims is the portion of the interest claim of Fidata, as successor indenture trustee for holders of the 10.4% Debentures, in the amount of \$9.7 million which is the subject of the OID Dispute. See "The Company—Certain Legal Issues—OID Litigation." However, if the OID Dispute is settled pursuant to the Plan, Class 7.A1.1 would waive any right to receive this amount. See "The Plan—Means For Execution—Resolution of OID Escrow."

Of the remaining Disputed Claims in the amount of \$74.5 million, management of the Debtors has advised various of the Debtors' creditors that management anticipates that the level of Disputed Claims in excess of the Debtors' aggregate estimated Allowed Claims of \$722 million should be reduced to \$38 million by June 30, 1990. The amount of Disputed Claims could be increased by unliquidated claims if and to the extent such claims become liquidated.

You should note that if your Allowed Claim against a Debtor is \$500 or less or is reduced to \$500 and such claim is not based on a pre-bankruptcy security (generally a publicly traded note or debenture), you may reduce your Allowed Claim to \$500 categorizing it as a Convenience Claim by so indicating on your ballot and you will receive a cash payment of that amount under the Cash Plan. More detailed information about each class of creditor claims and interests is set forth under "Classifications of Claims and Interests."

The figures given in the following tables may differ from actual distributions and payments to creditors by reason of, among other things, variations in the amounts of Allowed Claims, the existence of Disputed Claims, including unliquidated or contingent claims, elections by holders of certain claims to reduce their claims to \$500, possible deductions from distributions (or additions to amounts claimed) by indenture trustees as reimbursement of their fees and expenses and possible deductions from distributions as tax withholding.

There are several conditions to the consummation of the Cash Plan. You should carefully review the conditions section of the Cash Plan in connection with your decision to accept or reject such plan.

After carefully reviewing this Disclosure Statement and its exhibits, if you are a holder of a Claim or Interest entitled to vote on the Cash Plan, you should indicate your vote to either accept or reject the Cash Plan on the enclosed ballot card and return it in the envelope provided. If you have a claim against

or interest in more than one Debtor, or in more than one class of the same Debtor, you may receive separately coded ballots for each claim or interest. **PLEASE VOTE AND RETURN EVERY BALLOT YOU RECEIVE TO THE ADDRESS AS LISTED ON YOUR BALLOT.**

If you hold Preferred, Preference or Common Stock of Allegheny, or certificates for debt securities, DO NOT return your certificates with your ballot.

\* \* \*

**TABLE A**  
**CLASSIFICATION OF ALLOWED CLAIMS AND INTERESTS**  
**(Numbers In Thousands)(1)**

<u>Description</u>	<u>Estimated Dollars or Number of Shares(2)</u>	<u>Plan Classification</u>
<b>Administrative and Certain Claims Common to all Debtors:</b>		
Certain Priority & Admin. Claims .....	\$ 15,018(9)	Unclassified
Priority Taxes (Federal & State) .....	14,600	Unclassified
Convenience Claims (\$500) .....	Insignificant	Unclassified
Total Common Claims .....	<u>\$ 29,618</u>	
<b>Debtor: AI Exercise Co.</b>		
General Unsecured Claims .....	\$ 37	5.EX.1
Reinstated Claims .....	N/A	5.EX.2
Total AI Exercise Co. Claims .....	<u>\$ 37</u>	
<b>Debtor: AI (USA)</b>		
General Unsecured Claims .....	\$ 13	5.US.1
Reinstated Claims .....	N/A	5.US.2
Total AI (USA) Claims .....	<u>\$ 13</u>	
<b>Debtor: Allegheny</b>		
Allowed Secured Bank Claims(3) .....	\$186,194	2.AI.2
Lincoln County IRB(4) .....	—	2.AI.3
Drexel Burnham Lambert—IRB due 1992 .....	942	4.AI.2
Short Term Note—Chase Manhattan Bank .....	1,005	4.AI.2
Short Term Note—Pittsburgh National Bank .....	1,759	4.AI.2
6¾% Notes due 1989 .....	2,220	4.AI.2
4½% Notes due 1990 .....	3,799	4.AI.2
9¾% Notes due 1982-1996 .....	25,319	4.AI.2
9% Sinking Fund Debentures due 1995 .....	13,444	4.AI.2
7¾% Swiss Franc Notes due 1988(5) .....	23,062	4.AI.2
10¾% Subordinated Sinking Fund Debentures due 1999 .....	69,842	7.AI.1
10.4% Subordinated Sinking Fund Debentures due 2002(2A) ...	29,468	7.AI.1
9% Subordinated Sinking Fund Debentures due 1989 .....	12,169	7.AI.1
Trade Payables and Other General Unsecured Claims(6) .....	48,211	5.AI.1
Allegheny Intercompany(7) .....	N/A	5.AI.2
Total Allegheny Claims .....	<u>\$417,434</u>	
\$2.19 Cumulative Preference Stock .....	2,814 shares	8.AI.1
\$11.25 Convertible Preferred Stock .....	1,915 shares	8.AI.2
Allegheny Common Stock .....	10,859 shares	9.AI.1
<b>Debtor: Almet/Lawnlite</b>		
General Unsecured Claims .....	\$ 13,082	5.AL.1
Secured Claims .....	444	2.AL.2
Reinstated Claims .....	N/A	5.AL.2
Total Almet/Lawnlite Claims .....	<u>\$ 13,526</u>	

**TABLE A**  
**CLASSIFICATION OF ALLOWED CLAIMS AND INTERESTS (continued)**  
**(Numbers In Thousands)(1)**

<u>Description</u>	<u>Estimated Dollars or Number of Shares(2)</u>	<u>Plan Classification</u>
<b>Debtor: AL-Industrial Products</b>		
General Unsecured Claims .....	\$ 5	5.AP.1
Reinstated Claims .....	N/A	5.AP.2
Total AL-Industrial Products Claims .....	\$ 5	
<b>Debtor: Chemetron</b>		
10½% Notes due 1990 .....	\$ 15,477	5.CH.1
9% Debentures due 1994 .....	17,296	5.CH.1
Other General Unsecured Claims (10) .....	1,080	5.CH.1
Reinstated Claims .....	20	5.CH.2
Total Chemetron Claims .....	\$ 33,873	
<b>Debtor: Chemetron Investments</b>		
Allowed Secured Claim:		
Pittsburgh National Bank(8) .....	\$ 133	2.CI.1
General Unsecured Claims .....	283	2.CI.1
Reinstated Claims .....	N/A	2.CI.2
Total Chemetron Investment Claims .....	\$ 416	
<b>Debtor: Eliskim</b>		
General Unsecured Claims .....	\$ 181	5.EL.1
Reinstated Claims .....	N/A	5.EL.2
Total Eliskim Claims .....	\$ 181	
<b>Debtor: Holdings</b>		
General Unsecured Claims .....	\$ 5,318	5.SH.1
Reinstated Claims .....	N/A	5.SH.2
Total Holdings Claims .....	\$ 5,318	
<b>Debtor: Infoswitch</b>		
General Unsecured Claims .....	\$ 53	5.IN.1
Reinstated Claims .....	N/A	5.IN.2
Total Infoswitch Claims .....	\$ 53	
<b>Debtor: Integrated Specialties</b>		
General Unsecured Claims .....	\$ 2	5.IS.1
Reinstated Claims .....	N/A	5.IS.2
Total Integrated Specialties Claims .....	\$ 2	
<b>Debtor: Sunbeam</b>		
Trade Payables and Other General Unsecured Claims .....	\$ 60,976	5.SB.1
Morgan Interest Rate Swap .....	2,863	5.SB.1
5½% Sinking Fund Debentures due 1992 .....	17,808	5.SB.3
Lasalle National Bank IRB .....	1,250	5.SB.2
GEICO IRBs .....	1,790	5.SB.2
Sovran Bank IRB .....	2,050	5.SB.2

**TABLE A**  
**CLASSIFICATION OF ALLOWED CLAIMS AND INTERESTS (continued)**  
**(Numbers in Thousands)(1)**

<u>Description</u>	<u>Estimated Dollars or Number of Shares(2)</u>	<u>Plan Classification</u>
Trustmark National Bank IRB .....	\$ 2,100	5.SB.2
Deposit Guaranty National Bank IRB .....	2,500	5.SB.2
Morgan Guaranty Trust Co. ....	23	5.SB.2
First Tennessee Bank IRB .....	1,750	5.SB.2
Prudential Notes (3) .....	108,590	5.SB.7
First Wisconsin National Bank IRB (3) .....	2,206	5.SB.7
Third National Bank in Nashville IRB (3) .....	2,036	5.SB.7
GEICO IRB (3) .....	2,670	5.SB.7
Bank Letters of Credit .....	10,450	5.SB.8
<b>Total Sunbeam Claims .....</b>	<b><u>\$219,062</u></b>	
<b>Debtor: Woodshaft</b>		
General Unsecured Claims .....	\$ 331	5.WS.1
Reinstated Claims .....	N/A	5.WS.2
<b>Total Woodshaft Claims .....</b>	<b><u>\$ 331</u></b>	
<b>TOTAL CLAIMS .....</b>	<b><u>\$719,869</u></b>	

- (1) The amounts shown represent the face amount of the debt less the unamortized original issue discount, if any, as of the petition filing date and the number of shares outstanding as of October 1, 1989. The amounts shown do not include the claims of any indenture trustee for its fees and expenses. The trustee for the 9% Sinking Fund Debentures due 1995 has informed Allegheny that the trustee intends to assert such a claim for approximately \$270,000 and that such claim may increase.
- (2) Does not separately classify Certain Priority Claims or Administrative, Tax and Convenience Claims which are \$500 or less or reduced to \$500 by the holder thereof at or before the Ballot Time. Convenience Claims are expected to total less than \$100,000.
- (2A) A dispute exists over the amount of the claim of the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002. Allegheny has objected to approximately \$13.5 million which was claimed by such holders as constituting original issue discount. The Claim amount and corresponding distribution reflect the claim amount allowed by the Bankruptcy Court, although the matter has been appealed and the final allowed amount could be increased by up to \$9.7 million or decreased by as much as \$3.8 million. See "The Company—The Reorganization—Certain Legal Issues."
- (3) The amounts shown do not include claims for postpetition interest or other charges.
- (4) The Lincoln County IRB Claim consists of the claim of Morgan Guaranty Trust Company secured by the Lincoln County plant of Allegheny in the approximate amount of \$4,557,000. The holder of the claim will be treated in accordance with the Bankruptcy Court's Order dated June 23, 1988, which provides that the holder of the Lincoln County IRB has waived a claim for any deficiency upon liquidation or sale of the plant.
- (5) Allegheny guaranteed the indebtedness of Allegheny Overseas Capital, N.V., the principal obligor.
- (6) Includes Employee Benefit Claims related to various non-tax-qualified plans.

- (7) Intercompany debt will be Reinstated and will be outstanding as of the Effective Date. The Debtors may pay such indebtedness as of the Effective Date to the extent necessary to make distributions required under the Plan.
- (8) The amounts shown do not include any portion of such Allowed Secured Claims accruing on and after the Filing Date.
- (9) This amount is an estimate as included in the Debtors' Disclosure Statement and Plan. Debtors now advise that Priority and Administrative Expense Claims may exceed this amount. These claims will be provided for through a reserve created for Administrative Compensation Claims or will be assumed by RCV, SAHL or O/S J.V.
- (10) This amount reflects the recent settlement in principle of the Claim of Figgie International against Chemetron.



**TABLE B**  
**APPROXIMATE ALLOCATION OF CONSIDERATION(1)(9) WITH RESPECT**  
**TO CLASSES OF ALLOWED CLAIMS AND INTERESTS**  
**AFTER GIVING EFFECT TO POST-PETITION INTEREST SETTLEMENT**  
**(Numbers In Thousands)**

Class	Estimated Allowed Claims or No. of Shares	Distributions			Imputed Recovery (%)
		Cash	Assumed Liabilities	Reserves	
<b>Administrative and Certain Claims</b>					
<b>Common to All Debtors</b>					
Certain Priority & Admin. Claims .....	\$ 15,018	\$ 15,018	Undetermined	Undetermined	100%
Priority Taxes (Federal & State) .....	14,600	—	14,600		100%
Convenience Claims (\$500) .....	Insignificant	—			
Total Common Claims .....	<u>\$ 29,618</u>	<u>\$ 15,018</u>	<u>\$ 14,600</u>		
<b>AI Exercise Co.</b>					
5.EX.1 General Unsecured Claims .....	\$ 37	\$ 37			100%
5.EX.2 Reinstated Claims (Unimpaired)(2)(3) ..	N/A	—			
Total AI Exercise Claims .....	<u>\$ 37</u>	<u>\$ 37</u>			
<b>AI (USA)</b>					
5.US.1 General Unsecured Claims .....	\$ 13	\$ 13			100%
5.US.2 Reinstated Claims (Unimpaired)(2)(3) ..	N/A	N/A			
Total AI (USA) Claims .....	<u>\$ 13</u>	<u>\$ 13</u>			
<b>Allegheny</b>					
2.AI.2 Allowed Secured Bank Claims(4) .....	\$ 186,194	\$191,742			102.98%
2.AI.3 Lincoln County IRB Claims(9) .....	N/A	N/A			
4.AI.2 Senior Unsecured Claims					
Short Term Note—Chase Manhattan Bank .....	\$ 1,005				
Short Term Note—Pittsburgh National Bank .....	1,759				
4 <sup>5</sup> / <sub>8</sub> % Notes due 1990 .....	3,799				
6 <sup>3</sup> / <sub>4</sub> % Notes due 1989 .....	2,220				
7 <sup>3</sup> / <sub>4</sub> % Swiss Franc Notes due 1988 ..	23,062				
9 <sup>3</sup> / <sub>4</sub> % Notes due 1982-1996 .....	25,319				
Drexel Burnham Lambert-IRB due 1992 .....	942				
9% Sinking Fund Debentures due 1995 .....	13,444				
Class 4.AI.2 Total .....	<u>\$ 71,550</u>	<u>\$ 61,295</u>			85.67%
7.AI.1 Subordinated Debenture Claims					
10 <sup>3</sup> / <sub>4</sub> % Subordinated Sinking Fund Debentures Due 1999 .....	69,842				
10.4% Subordinated Sinking Fund Debentures Due 2002 (10) .....	29,468				
9% Subordinated Sinking Fund Debentures Due 1989 .....	12,169				
Class 7.AI.1 Total .....	<u>\$ 111,479</u>	<u>\$ 46,263</u>			41.50%
5.AI.1 General Unsecured Claims(7) .....	\$ 48,211	\$ 22,258			55.35%
5.AI.2 Reinstated Claims (Unimpaired)(2)(3)	N/A	N/A			
Total Allegheny Claims .....	<u>\$ 417,434</u>	<u>\$321,558</u>			

**TABLE B**  
**APPROXIMATE ALLOCATION OF CONSIDERATION(1)(9) WITH RESPECT**  
**TO CLASSES OF ALLOWED CLAIMS AND INTERESTS**  
**AFTER GIVING EFFECT TO POST-PETITION INTEREST SETTLEMENT—(continued)**  
**(Numbers In Thousands)**

Class	Estimated Allowed Claims or No. of Shares	Distributions			Imputed Recovery (%)
		Cash	Assumed Liabilities	Reserves	
8.AI.1	\$2.19 Cumulative Preference Stock .....	2,814	\$ 3,124		
8.AI.2	\$11.25 Convertible Preferred Stock .....	1,916	3,851		
9.AI.1	Allegheny Common Stock with Preferred Stock Purchase Rights .....	10,859	1,194		
	Total Allegheny Interests .....	<u>15,589</u>	<u>\$ 8,169</u>		
<b>Almet/Lawlite</b>					
5.AL.1	General Unsecured Claims .....	\$13,082	\$13,867		106%
2.AL.2	Secured Claims .....	444		\$ 444	
5.AL.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Almet/Lawlite Claims .....	<u>\$13,526</u>	<u>\$13,867</u>	<u>\$ 444</u>	
<b>AL-Industrial Products</b>					
5.AP.1	General Unsecured Claims .....	\$ 5	\$ 5		100%
5.AP.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total AL-Industrial Claims .....	<u>\$ 5</u>	<u>\$ 5</u>		
<b>Chemetron</b>					
5.CH.1	General Unsecured Claims .....				
	10½% Notes Due 1990 .....	\$15,477			
	9% Debentures Due 1994 .....	17,296			
	Other Allowed Claims (10) .....	1,080			
	5.CH.1 Total .....	<u>\$33,853</u>	<u>\$31,099</u>		91.86%
5.CH.2	Reinstated Claims (Unimpaired)(2)(3) .....	20		\$ 20	
	Total Chemetron Claims .....	<u>\$33,873</u>	<u>\$31,099</u>	<u>\$ 20</u>	
<b>Chemetron Investments</b>					
2.CI.2	Allowed Secured Claim (Unimpaired) .....	\$ 133	\$ 159		119.5%
5.CI.1	General Unsecured Claims (Unimpaired) .....	283	283		100%
5.CI.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Chemetron Investments Claims .....	<u>\$ 416</u>	<u>\$ 442</u>		
<b>Eliskim</b>					
5.EL.1	General Unsecured Claims .....	\$ 181	\$ 181		100%
5.EL.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Eliskim Claims .....	<u>\$ 181</u>	<u>\$ 181</u>		
<b>Holdings</b>					
5.SH.1	General Unsecured Claims .....	\$ 5,318	\$ 5,637		106%
5.SH.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A			
	Total Holdings Claims .....	<u>\$ 5,318</u>	<u>\$ 5,637</u>		
<b>Infoswitch</b>					
5.IN.1	General Unsecured Claims .....	\$ 53	\$ 53		100%
5.IN.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Infoswitch Claims .....	<u>\$ 53</u>	<u>\$ 53</u>		

**TABLE B**  
**APPROXIMATE ALLOCATION OF CONSIDERATION(1)(9) WITH RESPECT**  
**TO CLASSES OF ALLOWED CLAIMS AND INTERESTS**  
**AFTER GIVING EFFECT TO POST-PETITION INTEREST SETTLEMENT—(continued)**  
**(Numbers In Thousands)**

Class	Estimated Allowed Claims or No. of Shares	Distributions			Imputed Recovery (%)
		Cash	Assumed Liabilities	Reserves	
<b>Integrated Specialties</b>					
5.IS.1	General Unsecured Claims .....	\$ 2	\$ 2		100 %
5.IS.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Integrated Specialties Claims .....	<u>\$ 2</u>	<u>\$ 2</u>		
<b>Sunbeam</b>					
5.SB.1	General Unsecured Claims .....	\$ 63,839	\$ 67,669		106 %
5.SB.2	Reinstated Claims (Unimpaired)(2)(3) .....	11,463	968	\$ 10,495(11)	
5.SB.3	Reinstated Sunbeam Debentures .....	17,808	5,959	13,808(11)	
5.SB.7	Institutional Unsecured Claims .....	115,502	139,252		120.6%
5.SB.8	Reimbursement Claims .....	10,450	10,450		100 %
	Total Sunbeam Claims .....	<u>\$219,062</u>	<u>\$224,298</u>	<u>\$24,303</u>	
<b>Woodshaft</b>					
5.WS.1	General Unsecured Claims .....	\$ 331	\$ 331		100 %
5.WS.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Woodshaft Claims .....	<u>\$ 331</u>	<u>\$ 331</u>		
	<b>TOTAL</b> .....	<u>\$719,869</u>	<u>\$620,710</u>	<u>\$39,367</u>	

- (1) Distributions do not reflect amounts that will be subtracted to fund holdbacks.
- (2) Intercompany Claims of Debtor subsidiaries of Allegheny will be Reinstated.
- (3) Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law and, in the case of installment debt obligations, cure of defaults in accordance with Bankruptcy Code Section 1124.
- (4) The claim amount shown does not include claims for post-petition interest or other charges. In the Cash Plan, \$7,766,000 is included in the Distribution for such charges.
- (5) The Lincoln County IRB Claim consists of the claim of Morgan Guaranty Trust Company secured by the Lincoln County plan of Allegheny in the approximate amount of \$4,577,000. The holder of the Claim will be treated in accordance with the Bankruptcy Court's Order dated June 23, 1988, which provides that the holder of the Lincoln County IRB has waived a claim for any deficiency upon liquidation or sale of the plant.
- (6) A dispute exists over the amount of the claim of the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002. Allegheny has objected to approximately \$13.5 million which was claimed by such holders as constituting original issue discount. The Claim amount and corresponding distribution reflect the claim amount allowed by the Bankruptcy Court although, the matter has been appealed and the final allowed amount could be increased by up to \$9.7 million or decreased by as much as \$3.8 million. See "The Company—The Reorganization—Certain Legal Issues."
- (7) The distributions have assumed that Class 5.A1.1 Claims will be offset by \$8 million in loans due from claimants. Amounts shown have been rounded.
- (8) Estimated payments to be made on the Effective Date to cure defaults pursuant to Section 1124(2).

**TABLE B**  
**APPROXIMATE ALLOCATION OF CONSIDERATION(1)(9) WITH RESPECT**  
**TO CLASSES OF ALLOWED CLAIMS AND INTERESTS**  
**AFTER GIVING EFFECT TO POST-PETITION INTEREST SETTLEMENT—(continued)**  
**(Numbers in Thousands)**

Class	Estimated Allowed Claims or No. of Shares	Distributions			Imputed Recovery (%)
		Cash	Assumed Liabilities	Reserves	
8.AI.1	\$2.19 Cumulative Preference Stock .....	2,814	\$ 3,124		
8.AI.2	\$11.25 Convertible Preferred Stock .....	1,916	3,851		
9.AI.1	Allegheny Common Stock with Preferred Stock Purchase Rights .....	10,859	1,194		
	Total Allegheny Interests .....	<u>15,589</u>	<u>\$ 8,169</u>		
<b>Almet/Lawnlite</b>					
5.AL.1	General Unsecured Claims .....	\$13,082	\$13,867		106%
2.AL.2	Secured Claims .....	444		\$ 444	
5.AL.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Almet/Lawnlite Claims .....	<u>\$13,526</u>	<u>\$13,867</u>	<u>\$ 444</u>	
<b>AL-Industrial Products</b>					
5.AP.1	General Unsecured Claims .....	\$ 5	\$ 5		100%
5.AP.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total AL-Industrial Claims .....	<u>\$ 5</u>	<u>\$ 5</u>		
<b>Chemetron</b>					
5.CH.1	General Unsecured Claims .....				
	10½% Notes Due 1990 .....	\$15,477			
	9% Debentures Due 1994 .....	17,296			
	Other Allowed Claims (10) .....	1,080			
	5.CH.1 Total .....	<u>\$33,853</u>	<u>\$31,099</u>		91.86%
5.CH.2	Reinstated Claims (Unimpaired)(2)(3) .....	20		\$ 20	
	Total Chemetron Claims .....	<u>\$33,873</u>	<u>\$31,099</u>	<u>\$ 20</u>	
<b>Chemetron Investments</b>					
2.CI.2	Allowed Secured Claim (Unimpaired) .....	\$ 133	\$ 159		119.5%
5.CI.1	General Unsecured Claims (Unimpaired) .....	283	283		100%
5.CI.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Chemetron Investments Claims .....	<u>\$ 416</u>	<u>\$ 442</u>		
<b>Eliskim</b>					
5.EL.1	General Unsecured Claims .....	\$ 181	\$ 181		100%
5.EL.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Eliskim Claims .....	<u>\$ 181</u>	<u>\$ 181</u>		
<b>Holdings</b>					
5.SH.1	General Unsecured Claims .....	\$ 5,318	\$ 5,637		106%
5.SH.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A			
	Total Holdings Claims .....	<u>\$ 5,318</u>	<u>\$ 5,637</u>		
<b>Infoswitch</b>					
5.IN.1	General Unsecured Claims .....	\$ 53	\$ 53		100%
5.IN.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Infoswitch Claims .....	<u>\$ 53</u>	<u>\$ 53</u>		

**TABLE B**  
**APPROXIMATE ALLOCATION OF CONSIDERATION(1)(9) WITH RESPECT**  
**TO CLASSES OF ALLOWED CLAIMS AND INTERESTS**  
**AFTER GIVING EFFECT TO POST-PETITION INTEREST SETTLEMENT—(continued)**  
**(Numbers In Thousands)**

Class	Estimated Allowed Claims or No. of Shares	Distributions			Imputed Recovery (%)
		Cash	Assumed Liabilities	Reserves	
<b>Integrated Specialties</b>					
5.IS.1	General Unsecured Claims .....	\$ 2	\$ 2		100 %
5.IS.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Integrated Specialties Claims .....	<u>\$ 2</u>	<u>\$ 2</u>		
<b>Sunbeam</b>					
5.SB.1	General Unsecured Claims .....	\$ 63,839	\$ 67,669		106 %
5.SB.2	Reinstated Claims (Unimpaired)(2)(3) .....	11,463	968	\$ 10,495(11)	
5.SB.3	Reinstated Sunbeam Debentures .....	17,808	5,959	13,808(11)	
5.SB.7	Institutional Unsecured Claims .....	115,502	139,252		120.6%
5.SB.8	Reimbursement Claims .....	10,450	10,450		100 %
	Total Sunbeam Claims .....	<u>\$219,062</u>	<u>\$224,298</u>	<u>\$24,303</u>	
<b>Woodshaft</b>					
5.WS.1	General Unsecured Claims .....	\$ 331	\$ 331		100 %
5.WS.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Woodshaft Claims .....	<u>\$ 331</u>	<u>\$ 331</u>		
	TOTAL .....	<u>\$719,869</u>	<u>\$620,710</u>	<u>\$39,367</u>	

- (1) Distributions do not reflect amounts that will be subtracted to fund holdbacks.
- (2) Intercompany Claims of Debtor subsidiaries of Allegheny will be Reinstated.
- (3) Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law and, in the case of installment debt obligations, cure of defaults in accordance with Bankruptcy Code Section 1124.
- (4) The claim amount shown does not include claims for post-petition interest or other charges. In the Cash Plan, \$7,766,000 is included in the Distribution for such charges.
- (5) The Lincoln County IRB Claim consists of the claim of Morgan Guaranty Trust Company secured by the Lincoln County plan of Allegheny in the approximate amount of \$4,577,000. The holder of the Claim will be treated in accordance with the Bankruptcy Court's Order dated June 23, 1988, which provides that the holder of the Lincoln County IRB has waived a claim for any deficiency upon liquidation or sale of the plant.
- (6) A dispute exists over the amount of the claim of the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002. Allegheny has objected to approximately \$13.5 million which was claimed by such holders as constituting original issue discount. The Claim amount and corresponding distribution reflect the claim amount allowed by the Bankruptcy Court although, the matter has been appealed and the final allowed amount could be increased by up to \$9.7 million or decreased by as much as \$3.8 million. See "The Company—The Reorganization—Certain Legal Issues."
- (7) The distributions have assumed that Class 5.A1.1 Claims will be offset by \$8 million in loans due from claimants. Amounts shown have been rounded.
- (8) Estimated payments to be made on the Effective Date to cure defaults pursuant to Section 1124(2).

- (9) Based on Debtors' estimates made as of November 15, 1989, of amounts of Allowed Claims and Allowed Interests (exclusive of compensation and expenses of indenture trustees and exclusive of post-petition interest). The amounts that will actually be received by holders of public debt will be reduced if the indenture trustees for such debt withhold a portion of the distributions made under the Plan pursuant to their respective indentures, or with respect to Class 7.A1 (Allegheny Subordinated Debenture Claims) only, increase the amount of their Allowed Claims to satisfy claims for trustee compensation and expenses, including compensation of any trustee's counsel or other consultants. Any such increase in the amount of such Allowed Claims would affect other creditors in the same class as such public debt holders. The trustee for the 9% Sinking Fund Debentures due through 1995 has informed the Company that it is asserting an additional claim presently estimated at approximately \$270,000 and that such claim may increase. The trustee for the 9% Sinking Fund Debentures due through 1995 has indicated that any sums withheld in exercise of the trustee's lien rights will be withheld from Distributions.
- (10) This amount reflects the recent settlement in principle of the Claim of Figgie International against Chemetron.
- (11) The \$19.9 million figure used for the amount of assumed liabilities in the text of this Disclosure Statement is based on the present value of these liabilities.

**TABLE C—Potential Effect of Holdback I on Initial Distributions  
After Giving Effect to Post-Petition Interest Settlement  
(Assuming Disputed Claims in Unimpaired  
Classes Totalling \$4,088,000 as of The Effective Date)  
(Numbers in Thousands)**

Class	Estimated Allowed Claims(1)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(2) Distribution	Initial Distribution as % of Claim
2.AI.2 Allowed Senior Bank Claims	\$ 186,194	\$133,194	7.00	19,028	44.96%	\$1,838	\$191,742(3)	\$189,904	101.99%
4.AI.2 Senior Unsecured Claims	\$ 71,550	68,398	7.88	8,680	20.51%	838	61,295(3)	60,457	84.50%
5.AI.1 AI General Unsecured Claims	\$ 48,211(4)	40,211	11.57	3,475	8.21%	336	22,258	21,922	54.52%
7.AI.1 Subordinated Debenture Claims	\$111,479	111,479	15.71	7,096	16.77%	686	46,263	45,577	40.88%
5.CH.1 Chemetron General Unsecured Claims	\$ 33,853	31,837	7.88	4,040	9.55%	390	31,099(3)	30,709	90.71%
Total		<u>\$385,119</u>		<u>42,319</u>		<u>\$4,088</u>	<u>\$352,657</u>	<u>\$348,569</u>	

C-1

- (1) From Table A. This information is taken from the Debtors' Disclosure Statement, except that the amount listed as to Class 5.CH.1 (Chemetron General Unsecured Claims) reflects a recent settlement in principle with Figgie International, Inc.
- (2) These amounts may be subject to further downward adjustment by reason of the Allegheny Holdback and the Chemetron Holdback. See Tables E, F, G and H for examples of how those holdbacks are calculated. See also the example given in "Section III—Plan Overview" on use of the Tables to estimate the potential Initial Distribution.
- (3) This class receives some cash not subject to Holdback.
- (4) Approximately \$8,000,000 of Claims in Class 5.AI.1 are subject to setoff.

**TABLE D—Potential Effect of Holdback I on Initial Distributions  
After Giving Effect to Post-Petition Interest Settlement  
(Assuming Disputed Claims in Unimpaired Classes  
Totalling \$2,000,000 as of The Effective Date)  
(Numbers in Thousands)**

Class	Estimated Allowed Claims(1)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(2) Distribution	Initial Distribution as % of Claim
2.A1.2 Allowed Senior Bank Claims . . . . .	\$186,194	\$133,194	7.00	19,028	44.96%	899	\$191,742(3)	\$190,843	102.50%
4.A1.2 Senior Unsecured Claims . . . . .	\$ 71,550	68,398	7.88	8,680	20.51%	410	61,295(3)	60,885	85.09%
5.A1.1 A1 General Unsecured Claims . . . . .	\$ 48,211(4)	40,211	11.57	3,475	8.21%	164	22,258	22,094	54.95%
7.A1.1 Subordinated Debenture Claims . . . . .	\$111,479	111,479	15.71	7,096	16.77%	336	46,263	45,927	41.02%
5.CH.1 Chemetron General Unsecured Claims . . . . .	\$ 33,853	31,837	7.88	4,040	9.55%	191	31,099(3)	30,908	91.30%
Total . . . . .		\$385,119		42,319		\$2,000	\$352,657	\$350,657	

(1) From Table A. This information is taken from the Debtors' Disclosure Statement, except that the amount listed as to Class 5.CH.1 (Chemetron General Unsecured Claims) reflects a recent settlement in principle with Figgie International, Inc.

(2) These amounts may be subject to further downward adjustment by reason of the Allegheny Holdback and the Chemetron Holdback. See Tables E, F, G and H for examples of how those holdbacks are calculated. See also the example given in "Section III—Plan Overview," on use of the Tables to estimate the potential Initial Distribution.

(3) This class receives some cash not subject to Holdback.

(4) Approximately \$8,000,000 of Claims in Class 5.A1.1 are subject to setoff.



**TABLE E—Potential Effect of Allegheny Holdback on Initial Distributions  
After Giving Effect to Post-Petition Interest Settlement  
(Assuming Disputed Claims Against Allegheny(1)  
Totalling \$40,000,000 as of The Effective Date)  
(Numbers in Thousands)**

Class	Estimated Allowed Claims(2)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(3) Distribution	Initial Distribution as % of Claim
2.AI.2 Allowed Senior Bank Claims .....	\$ 186,194	\$ 133,194	7.00	19,028	49.71%	\$ 111,006	\$ 191,742(4)	\$ 180,736	97.07%
4.AI.2 Senior Unsecured Claims.....	\$ 71,550	68,398	7.88	8,680	22.67%	5,019	61,295(4)	56,276	78.65%
5.AI.1 AI General Unsecured Claims.....	\$ 48,211(5)	40,211	11.57	3,475	9.08%	2,010	22,258	20,248	50.35%
7.AI.1 Subordinated Debenture Claims ..	\$ 111,479	111,479	15.71	7,096	18.54%	4,105	46,263	42,158	37.82%
Total .....		<u>\$353,282</u>		<u>38,279</u>		<u>\$22,140</u>	<u>\$321,558</u>	<u>\$299,418</u>	

(1) The bulk of Disputed Claims fall within Class 5.AI.1. The approximate recovery for this class is 55.35% (See Table B), so that for \$40,000,000 in Disputed Claims in this class, the Allegheny Holdback must retain \$22,140,000 to provide for these distributions.

(2) From Table A. This information is taken from the Debtors' Disclosure Statement.

(3) These amounts may be subject to further downward adjustment by reason of Holdback I. See Tables C and D for examples of how that Holdback is calculated. See also the example given in "Section III—Plan Overview," on use of the Tables to estimate the potential Initial Distribution.

(4) This class receives some cash not subject to Holdback.

(5) Approximately \$8,000,000 of Claims in Class 5.AI.1 are subject to setoff.

**TABLE F—Potential Effect of Allegheny Holdback on Initial Distributions  
After Giving Effect to Post-Petition Interest Settlement  
(Assuming Disputed Claims Against Allegheny(1)  
Totalling \$20,000,000 as of The Effective Date)  
(Numbers in Thousands)**

Class	Estimated Allowed Claims(2)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(3) Distribution	Initial Distribution as % of Claim
2.AI.2 Allowed Senior Bank Claims . . . . .	\$186,194	\$133,194	7.00	19,028	49.71%	\$ 5,503	\$191,742(4)	\$186,239	100.02%
4.AI.2 Senior Unsecured Claims . . . . .	\$ 71,550	68,398	7.88	8,680	22.67%	2,510	61,295(4)	58,785	82.16%
5.AI.1 AI General Unsecured Claims . . . . .	\$ 48,211(5)	40,211	11.57	3,475	9.08%	1,005	22,258	21,253	52.85%
7.AI.1 Subordinated Debenture Claims . . . . .	\$111,479	111,479	15.71	7,096	18.54%	2,052	46,263	44,211	39.66%
Total . . . . .		\$353,282		38,279		\$11,070	\$321,558	\$310,488	

- (1) The bulk of Disputed Claims fall within Class 5.AI.1. The approximate recovery for this class is 55.35% (See Table B), so that for \$20,000,000 in Disputed Claims in this class, the Allegheny Holdback must retain \$11,070,000 to provide for these distributions.
- (2) From Table A. This information is taken from the Debtors' Disclosure Statement.
- (3) These amounts may be subject to further downward adjustment by reason of Holdback I. See Tables C and D for examples of how that Holdback is calculated. See also the example given in "Section III—Plan Overview" on use of the Tables to estimate the potential Initial Distribution.
- (4) This class receives some cash not subject to Holdback.
- (5) Approximately \$8,000,000 of Claims in Class 5.AI.1 are subject to setoff.

**TABLE G—Potential Effect of Allegheny Holdback on Initial Distributions After Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims Against Allegheny(1) Totalling \$96,000,000 as of The Effective Date) (Numbers in Thousands)**

Class	Estimated Allowed Claims(2)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(3) Distribution	Initial Distribution as % of Claim
2.A1.2 Allowed Senior Bank Claims	\$ 186,194	\$ 133,194	7.00	19,028	49.71%	\$ 26,414	\$ 191,742(4)	\$ 165,328	88.79%
4.A1.2 Senior Unsecured Claims	\$ 71,550	68,398	7.88	8,680	22.67%	12,046	61,295(4)	49,249	68.83%
5.A1.1 AI General Unsecured Claims	\$ 48,211(5)	40,211	11.57	3,475	9.08%	4,825	22,258	17,433	43.35%
7.A1.1 Subordinated Debenture Claims	\$ 111,479	111,479	15.71	7,096	18.54%	9,851	46,263	36,412	32.66%
Total		\$ 353,282		38,279		\$ 53,136	\$ 321,558	\$ 268,422	

9.1

- (1) The bulk of Disputed Claims fall within Class 5.A1.1. The approximate recovery for this class is 55.35% (See Table B), so that for \$96,000,000 in Disputed Claims in this class, the Allegheny Holdback must retain \$53,136,000 to provide for these distributions.
- (2) From Table A. This information is taken from the Debtors' Disclosure Statement.
- (3) These amounts may be subject to further downward adjustment by reason of Holdback I. See Tables C and D for examples of how that Holdback is calculated. See also the example given in "Section III - Plan Overview" on use of the Tables to estimate the potential Initial Distribution.
- (4) This class receives some cash not subject to Holdback.
- (5) Approximately \$8,000,000 of Claims in Class 5.A1.1 are subject to setoff.

**TABLE H—Potential Effect of Chemetron Holdback on Initial Distributions  
After Giving Effect to Post-Petition Interest Settlement  
(Numbers in Thousands)**

<u>Class</u>	<u>Estimated Allowed Claims(1)</u>	<u>Total Disputed Claims</u>	<u>Holdback Rate</u>	<u>Holdback Amount</u>	<u>Distribution Before Holdback</u>	<u>Initial(2) Distribution</u>	<u>Initial Distribution as % of Claim</u>
5.CH.1 Chemetron General Unsecured Claims . . . . .	\$33,853	\$1,000	2.87%	\$ 893	\$31,099	\$30,206	89.23%
5.CH.1 Chemetron General Unsecured Claims . . . . .	\$33,853	\$ 600	1.74%	\$ 549	\$31,099	\$30,558	90.27%
5.CH.1 Chemetron General Unsecured Claims . . . . .	\$33,853	\$2,000	5.58%	\$1,763	\$31,099	\$29,364	86.74%

(1) This information is taken from the Debtors' Disclosure Statement, except that the amount listed for Class 5.CH.1 (Chemetron General Unsecured Claims) reflects a recent settlement in principle with Figgie International, Inc.

(2) These amounts may be subject to further downward adjustment by reason of Holdback I. See Tables C and D for examples of how that Holdback is calculated. See *a/so* the example given in "Section III—Plan Overview" on use of the Tables to estimate the potential Initial Distribution.

TABLE I

**APPROXIMATE ALLOCATION OF CONSIDERATION(1)(9) WITH RESPECT  
TO CLASSES OF ALLOWED CLAIMS AND INTERESTS  
WITHOUT GIVING EFFECT TO POST-PETITION INTEREST SETTLEMENT**

(Numbers In Thousands)

Class	Estimated Allowed Claims or No. of Shares	Distributions			Imputed Recovery (%)
		Cash	Assumed Liabilities	Reserves	
<b>Administrative and Certain Claims</b>					
<b>Common to All Debtors</b>					
Certain Priority & Admin. Claims .....	\$ 15,018	\$ 15,018	Undetermined	Undetermined	100%
Priority Taxes (Federal & State) .....	14,600		14,600		100%
Convenience Claims (\$500) .....	Insignificant				
Total Common Claims .....	<u>\$ 29,618</u>	<u>\$ 15,018</u>	<u>\$ 14,600</u>		
<b>AI Exercise Co.</b>					
5.EX.1 General Unsecured Claims .....	\$ 37	\$ 37			100%
5.EX.2 Reinstated Claims (Unimpaired)(2)(3) ..	N/A				
Total AI Exercise Claims .....	<u>\$ 37</u>	<u>\$ 37</u>			
<b>AI (USA)</b>					
5.US.1 General Unsecured Claims .....	\$ 13	\$ 13			100%
5.US.2 Reinstated Claims (Unimpaired)(2)(3) ..	N/A	N/A			
Total AI (USA) Claims .....	<u>\$ 13</u>	<u>\$ 13</u>			
<b>Allegheny</b>					
2.AI.2 Allowed Secured Bank Claims(4) .....	\$ 186,194	\$193,960			104.17%
2.AI.3 Lincoln County IRB Claims(9) .....	N/A	N/A			
4.AI.2 Senior Unsecured Claims .....					
Short Term Note—Chase					
Manhattan Bank .....	\$ 1,005				
Short Term Note—Pittsburgh					
National Bank .....	1,759				
4½% Notes due 1990 .....	3,799				
6¾% Notes due 1989 .....	2,220				
7¾% Swiss Franc Notes due 1988 ..	23,062				
9¾% Notes due 1982-1996 .....	25,319				
Drexel Burnham Lambert-IRB due					
1992 .....	942				
9% Sinking Fund Debentures due					
1995 .....	13,444				
Class 4.AI.2 Total .....	<u>\$ 71,550</u>	<u>\$ 62,307</u>			87.08%
7.AI.1 Subordinated Debenture Claims					
10¾% Subordinated Sinking Fund					
Debentures Due 1999 .....	\$ 69,842				
10.4% Subordinated Sinking Fund					
Debentures Due 2002 (10) .....	29,468				
9% Subordinated Sinking Fund					
Debentures Due 1989 .....	12,169				
Class 7.AI.1 Total .....	<u>\$ 111,479</u>	<u>\$ 47,091</u>			42.24%
5.AI.1 General Unsecured Claims(7) .....	\$ 48,211	\$ 22,663			56.36%
5.AI.2 Reinstated Claims (Unimpaired)(2)(3) ..	N/A	N/A			
Total Allegheny Claims .....	<u>\$ 417,434</u>	<u>\$326,021</u>			

**TABLE I**  
**APPROXIMATE ALLOCATION OF CONSIDERATION(1)(9) WITH RESPECT**  
**TO CLASSES OF ALLOWED CLAIMS AND INTERESTS**  
**WITHOUT GIVING EFFECT TO POST-PETITION INTEREST SETTLEMENT—(continued)**  
**(Numbers in Thousands)**

Class	Estimated Allowed Claims or No. of Shares	Distributions			Imputed Recovery (%)
		Cash	Assumed Liabilities	Reserves	
8.AI.1	\$2.19 Cumulative Preference Stock .....	\$ 2,814	\$ 3,124		
8.AI.2	\$11.25 Convertible Preferred Stock .....	1,916	3,851		
9.AI.1	Allegheny Common Stock with Preferred Stock Purchase Rights .....	10,859	1,194		
	Total Allegheny Interests .....	<u>\$15,589</u>	<u>\$ 8,169</u>		
<b>Almet/Lawnlite</b>					
5.AL.1	General Unsecured Claims .....	\$13,082	\$13,082		100%
2.AL.2	Reinstated Metropolitan Federal Claim .....	444		\$444	
5.AL.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Almet/Lawnlite Claims .....	<u>\$13,526</u>	<u>\$13,082</u>	<u>\$444</u>	
<b>AL-Industrial Products</b>					
5.AP.1	General Unsecured Claims .....	\$ 5	\$ 5		100%
5.AP.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total AL-Industrial Claims .....	<u>\$ 5</u>	<u>\$ 5</u>		
<b>Chemetron</b>					
5.CH.1	General Unsecured Claims .....				
	10½% Notes Due 1990 .....	\$15,477			
	9% Debentures Due 1994 .....	17,296			
	Other Allowed Claims (10) .....	1,080			
	5.CH.1 Total .....	<u>\$33,853</u>	<u>\$31,570</u>		93.26%
5.CH.2	Reinstated Claims (Unimpaired)(2)(3) .....	20		\$ 20	100%
	Total Chemetron Claims .....	<u>\$33,873</u>	<u>\$31,570</u>	<u>\$ 20</u>	
<b>Chemetron Investments</b>					
2.CI.2	Allowed Secured Claim (Unimpaired) .....	\$ 133	\$ 159		119.5%
5.CI.1	General Unsecured Claims (Unimpaired) .....	283	283		100%
5.CI.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A			
	Total Chemetron Investments Claims .....	<u>\$ 416</u>	<u>\$ 442</u>		
<b>Eliskim</b>					
5.EL.1	General Unsecured Claims .....	\$ 181	\$ 181		100%
5.EL.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		
	Total Eliskim Claims .....	<u>\$ 181</u>	<u>\$ 181</u>		
<b>Holdings</b>					
5.SH.1	General Unsecured Claims (Unimpaired) .....	\$ 5,318	\$ 5,318		100%
5.SH.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A			
	Total Holdings Claims .....	<u>\$ 5,318</u>	<u>\$ 5,318</u>		

**TABLE I**  
**APPROXIMATE ALLOCATION OF CONSIDERATION(1)(9) WITH RESPECT**  
**TO CLASSES OF ALLOWED CLAIMS AND INTERESTS**  
**WITHOUT GIVING EFFECT TO POST-PETITION INTEREST SETTLEMENT—(continued)**  
**(Numbers In Thousands)**

Class	Estimated Allowed Claims or No. of Shares	Distributions			Imputed Recovery (%)
		Cash	Assumed Liabilities	Reserves	
<b>Infoswitch</b>					
5.IN.1	General Unsecured Claims .....	\$ 53	\$ 53		
5.IN.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		100%
	Total Infoswitch Claims .....	<u>\$ 53</u>	<u>\$ 53</u>		
<b>Integrated Specialties</b>					
5.IS.1	General Unsecured Claims .....	\$ 2	\$ 2		
5.IS.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		100%
	Total Integrated Specialties Claims .....	<u>\$ 2</u>	<u>\$ 2</u>		
<b>Sunbeam</b>					
5.SB.1	General Unsecured Claims .....	\$ 63,839	\$ 63,839		
5.SB.2	Reinstated Claims (Unimpaired)(2)(3) .....	11,463	968	\$10,495(11)	100%
5.SB.3	Reinstated Sunbeam Debentures .....	17,808	5,959	13,808(11)	
5.SB.7	Institutional Unsecured Claims .....	115,502	139,252		120.56%
5.SB.8	Reimbursement Claims .....	10,450	10,450		100%
	Total Sunbeam Claims .....	<u>\$219,062</u>	<u>\$220,468</u>	<u>\$24,303</u>	
<b>Woodshaft</b>					
5.WS.1	General Unsecured Claims .....	\$ 331	\$ 331		
5.WS.2	Reinstated Claims (Unimpaired)(2)(3) .....	N/A	N/A		100%
	Total Woodshaft Claims .....	<u>\$ 331</u>	<u>\$ 331</u>		
	TOTAL .....	<u>\$735,458</u>	<u>\$620,710</u>	<u>\$39,367</u>	

- (1) Distributions do not reflect amounts that will be subtracted to fund holdbacks.
- (2) Intercompany Claims of Debtor subsidiaries of Allegheny will be Reinstated.
- (3) Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law and, in the case of installment debt obligations and cure of defaults in accordance with Bankruptcy Code Section 1124.
- (4) The claim amount shown does not include claims for post-petition interest or other charges. In the Cash Plan, \$7,766,000 is included in the Distribution for such charges.
- (5) The Lincoln County IRB Claim consists of the claim of Morgan Guaranty Trust Company secured by the Lincoln County plan of Allegheny in the approximate amount of \$4,577,000. The holder of the Claim will be treated in accordance with the Bankruptcy Court's Order dated June 23, 1988, which provides that the holder of the Lincoln County IRB has waived a claim for any deficiency upon liquidation or sale of the plant.
- (6) A dispute exists over the amount of the claim of the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002. Allegheny has objected to approximately \$13.5 million which was claimed by such holders as constituting original issue discount. The Claim amount and corresponding distribution reflect the claim amount allowed by the Bankruptcy Court although, the matter has been appealed and the final allowed amount could be increased by up to \$9.7 million or decreased by as much as \$3.8 million. See "The Company—The Reorganization—Certain Legal Issues."

- (7) The distributions have assumed that Class 5.A1.1 Claims will be offset by \$8 million in loans due from claimants. Amounts shown have been rounded.
- (8) Estimated payments to be made on the Effective Date to cure defaults pursuant to Section 1124(2).
- (9) Based on Debtors' estimates made as of November 15, 1989, of amounts of Allowed Claims and Allowed Interests (exclusive of compensation and expenses of indenture trustees and exclusive of post-petition interest). The amounts that will actually be received by holders of public debt will be reduced if the indenture trustees for such debt withhold a portion of the distributions made under the Plan pursuant to their respective indentures, or with respect to Class 7.A1 (Allegheny Subordinated Debenture Claims) only, increase the amount of their Allowed Claims to satisfy claims for trustee compensation and expenses, including compensation of any trustee's counsel or other consultants. Any such increase in the amount of such Allowed Claims would affect other creditors in the same class as such public debt holders. The trustee for the 9% Sinking Fund Debentures due through 1995 has informed the Company that it is asserting an additional claim presently estimated at approximately \$270,000 and that such claim may increase. The trustee for the 9% Sinking Fund Debentures due through 1995 has indicated that any sums withheld in exercise of the trustee's lien rights will first be withheld from cash distributions, and thereafter, if such lien is not yet satisfied in full, from Convertible Asset Sale Certificates, and finally, until such lien is fully satisfied, from shares of stock distributed.
- (10) This amount reflects the recent settlement in principle of the Claims of Figgie International against Chemetron.
- (11) The \$19.9 million figure used for the amount of assumed liabilities in the text of this Disclosure Statement is based on the present value of these liabilities.



**TABLE J—Potential Effect of Holdback I on Initial Distributions  
Without Giving Effect to Post-Petition Interest Settlement  
(Assuming Post-Petition Interest Declarations and Disputed Claims in  
Unimpaired Classes Totalling \$6,000,000 as of The Effective Date)  
(Numbers in Thousands)**

Class	Estimated Allowed Claims(1)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(2) Distribution	Initial Distribution as % of Claim
2.AI.2 Allowed Senior Bank Claims .....	\$186,194	\$133,194	7.00	19,028	44.96%	\$2,698	\$193,960(3)	\$191,262	102.72%
4.AI.2 Senior Unsecured Claims .....	\$ 71,550	68,398	7.88	8,680	20.51%	1,231	62,307(3)	61,076	85.36%
5.AI.1 AI General Unsecured Claims .....	\$ 48,211(4)	40,211	11.57	3,475	8.21%	492	22,663	22,171	55.14%
7.AI.1 Subordinated Debenture Claims .....	\$111,479	111,479	15.71	7,096	16.77%	1,006	47,091	46,085	41.34%
5.CH.1 Chemetron General Unsecured Claims ...	\$ 33,853	31,837	7.88	4,040	9.55%	573	31,570(3)	30,997	91.56%
Total .....		\$385,119		42,319		\$6,000	\$357,591	\$351,591	

5-1

- (1) From Table A. This information is taken from the Debtors' Disclosure Statement, except that the amount listed as to Class 5.CH.1 (Chemetron General Unsecured Claims) reflects a recent settlement in principle with Figgie International, Inc.
- (2) These amounts may be subject to further downward adjustment by reason of the Allegheny Holdback and the Chemetron Holdback. See Tables L, M, N and O for examples of how those holdbacks are calculated. See also the example given in "Section III—Plan Overview" on use of the Tables to estimate the potential Initial Distribution.
- (3) This class receives some cash not subject to Holdback.
- (4) Approximately \$8,000,000 of Claims in Class 5.AI.1 are subject to setoff.

**TABLE K—Potential Effect of Holdback I on Initial Distributions  
Without Giving Effect to Post-Petition Interest Settlement  
(Assuming Post-Petition Interest Declarations and Disputed Claims in  
Unimpaired Classes Totalling \$12,000,000 as of The Effective Date)  
(Numbers in Thousands)**

Class	Estimated Allowed Claims(1)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(2) Distribution	Initial Distribution as % of Claim
2.AI.2 Allowed Senior Bank Claims	\$ 186,194	\$ 133,194	7.00	19,028	44.96%	\$ 5,395	\$ 193,960(3)	\$ 188,565	101.27%
4.AI.2 Senior Unsecured Claims	\$ 71,550	68,398	7.88	8,680	20.51%	2,461	62,307(3)	59,846	83.64%
5.AI.1 AI General Unsecured Claims	\$ 48,211(4)	40,211	11.57	3,475	8.21%	985	22,663	21,678	53.91%
7.AI.1 Subordinated Debenture Claims	\$ 111,479	111,479	15.71	7,096	16.77%	2,013	47,091	45,078	40.44%
5.CH.1 Chemetron General Unsecured Claims	\$ 33,853	31,837	7.88	4,040	9.55%	1,146	31,570(3)	30,424	89.87%
Total		\$ 385,119		42,319		\$ 12,000	\$ 357,591	\$ 345,591	

2

(1) From Table A. This information is taken from the Debtors' Disclosure Statement, except that the amount listed as to Class 5.CH.1 (Chemetron General Unsecured Claims) reflects a recent settlement in principle with Figgie International, Inc.

(2) These amounts may be subject to further downward adjustment by reason of the Allegheny Holdback and the Chemetron Holdback. See Tables L, M, N and O for examples of how those holdbacks are calculated. See also the example given in "Section III—Plan Overview" on use of the Tables to estimate the potential Initial Distribution.

(3) This class receives some cash not subject to Holdback.

(4) Approximately \$8,000,000 of Claims in Class 5.AI.1 are subject to setoff.

**TABLE L—Potential Effect of Allegheny Holdback on Initial Distributions  
Without Giving Effect to Post-Petition Interest Settlement  
(Assuming Disputed Claims Against Allegheny(1)  
Totalling \$40,000,000 as of The Effective Date)  
(Numbers in Thousands)**

<b>Class</b>	<b>Estimated Allowed Claims(2)</b>	<b>Net Allowed Claims</b>	<b>Share Conversion Rate</b>	<b>Holdback Shares</b>	<b>Holdback Rate</b>	<b>Holdback Amount</b>	<b>Distribution Before Holdback</b>	<b>Initial(3) Distribution</b>	<b>Initial Distribution as % of Claim</b>
2.AI.2 Allowed Senior Bank Claims . . .	\$186,194	\$133,194	7.00	19,028	49.71%	\$ 11,206	\$193,960(4)	\$182,754	98.15%
4.AI.2 Senior Unsecured Claims . . . . .	\$ 71,550	68,398	7.88	8,680	22.67%	5,111	62,307(4)	57,196	79.94%
5.AI.1 AI General Unsecured Claims . .	\$ 48,211(5)	40,211	11.57	3,475	9.08%	2,047	22,663	20,616	51.27%
7.AI.1 Subordinated Debenture Claims	\$111,479	111,479	15.71	7,096	18.54%	4,180	47,091	42,911	38.49%
<b>Total</b> . . . . .		<u>\$353,282</u>		<u>38,279</u>		<u>\$ 22,544</u>	<u>\$326,021</u>	<u>\$303,477</u>	

- (1) The bulk of Disputed Claims fall within Class 5.AI.1. The approximate recovery for this class is 56.36% (See Table I), so that for \$40,000,000 in Disputed Claims in this class, the Allegheny Holdback must retain \$22,544,000 to provide for these distributions.
- (2) From Table A. This information is taken from the Debtors' Disclosure Statement.
- (3) These amounts may be subject to further downward adjustment by reason of Holdback I. See Tables J and K for examples of how that Holdback is calculated. See also the example given in "Section III—Plan Overview" on the use of the Tables to estimate the potential Initial Distribution.
- (4) This class receives some cash not subject to Holdback.
- (5) Approximately \$8,000,000 of Claims in Class 5.AI.1 are subject to setoff.

**TABLE M—Potential Effect of Allegheny Holdback on Initial Distributions Without Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims Against Allegheny)(1) Totalling \$20,000,000 as of The Effective Date (Numbers in Thousands)**

Class	Estimated Allowed Claims(2)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(3) Distribution	Initial Distribution as % of Claim
2.AI.2 Allowed Senior Bank Claims .....	\$186,194	\$133,194	7.00	19,028	49.71%	\$ 5,603	\$193,960(4)	\$188,357	101.16%
4.AI.2 Senior Unsecured Claims .....	\$ 71,550	68,398	7.88	8,680	22.67%	2,555	62,307(4)	59,752	83.51%
5.AI.1 AI General Unsecured Claims .....	\$ 48,211(5)	40,211	11.57	3,475	9.08%	1,024	22,663	21,639	53.81%
7.AI.1 Subordinated Debenture Claims ..	\$111,479	111,479	15.71	7,096	18.54%	2,090	47,091	45,001	40.37%
Total .....		<u>\$353,282</u>		<u>38,279</u>		<u>\$11,272</u>	<u>\$326,021</u>	<u>\$314,749</u>	

(1) The bulk of Disputed Claims fall within Class 5.AI.1. The approximate recovery for this class is 56.36% (See Table I), so that for \$20,000,000 in Disputed Claims in this class, the Allegheny Holdback must retain \$11,272,000 to provide for these distributions.

(2) From Table A. This information is taken from the Debtors' Disclosure Statement.

(3) These amounts may be subject to further downward adjustment by reason of Holdback I. See Tables J and K for examples of how that Holdback is calculated. See also the example given in "Section III—Plan Overview" on use of the Tables to estimate the potential Initial Distribution.

(4) This class receives some cash not subject to Holdback.

(5) Approximately \$8,000,000 of Claims in Class 5.AI.1 are subject to setoff.

**TABLE N—Potential Effect of Allegheny Holdback on Initial Distributions Without Giving Effect to Post-Petition Interest Settlement (Assuming Disputed Claims Against Allegheny(1) Totalling \$96,000,000 as of The Effective Date) (Numbers in Thousands)**

Class	Estimated Allowed Claims(2)	Net Allowed Claims	Share Conversion Rate	Holdback Shares	Holdback Rate	Holdback Amount	Distribution Before Holdback	Initial(3) Distribution	Initial Distribution as % of Claim
2.AI.2 Allowed Senior Bank Claims . . .	\$186,194	\$133,194	7.00	19,028	49.71%	\$26,896	\$193,960(4)	\$167,064	89.73%
4.AI.2 Senior Unsecured Claims . . . . .	\$ 71,550	68,398	7.88	8,680	22.67%	12,266	62,307(4)	50,041	69.94%
5.AI.1 AI General Unsecured Claims . . .	\$ 48,211(5)	40,211	11.57	3,475	9.08%	4,913	22,663	17,750	44.14%
7.AI.1 Subordinated Debenture Claims	\$111,479	111,479	15.71	7,096	18.54%	10,031	47,091	37,060	33.24%
Total . . . . .		<u>\$353,262</u>		<u>38,279</u>		<u>\$54,106</u>	<u>\$326,021</u>	<u>\$271,915</u>	

(1) The bulk of Disputed Claims fall within Class 5.AI.1. The approximate recovery for this class is 56.36% (See Table I), so that for \$96,000,000 in Disputed Claims in this class, the Allegheny Holdback must retain \$54,106,000 to provide for these distributions.

(2) From Table A. This information is taken from the Debtors' Disclosure Statement.

(3) These amounts may be subject to further downward adjustment by reason of Holdback I. See Tables J and K for examples of how that Holdback is calculated. See also the example given in "Section III—Plan Overview" on use of the Tables to estimate the potential Initial Distribution.

(4) This class receives some cash not subject to Holdback.

(5) Approximately \$8,000,000 of Claims in Class 5.AI.1 are subject to setoff.

**TABLE O—Potential Effect of Chemetron Holdback on Initial Distributions  
Without Giving Effect to Post-Petition Interest Settlement  
(Numbers in Thousands)**

<u>Class</u>	<u>Estimated Allowed Claims(1)</u>	<u>Total Disputed Claims</u>	<u>Holdback Rate</u>	<u>Holdback Amount</u>	<u>Distribution Before Holdback</u>	<u>Initial(2) Distribution</u>	<u>Initial Distribution as % of Claim</u>
5.CH.1 Chemetron General Unsecured Claims . . . . .	\$33,853	\$1,000	2.87%	\$ 906	\$31,570	\$30,664	90.58%
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5.CH.1 Chemetron General Unsecured Claims . . . . .	\$33,853	\$ 600	1.74%	\$ 549	\$31,570	\$31,021	91.63%
<hr/>							
5.CH.1 Chemetron General Unsecured Claims . . . . .	\$33,853	\$2,000	5.58%	\$1,762	\$31,570	\$29,808	88.05%

- (1) This information is taken from the Debtors' Disclosure Statement, except that the amount listed for Class 5.CH.1 (Chemetron General Unsecured Claims) reflects a recent settlement in principle with Figgie International, Inc.
- (2) These amounts may be subject to further downward adjustment by reason of Holdback I. See Tables C and D for examples of how that Holdback is calculated. See also the example given in "Section III—Plan Overview" on use of the Tables to estimate the potential Initial Distribution.

## IV. VOTING INSTRUCTIONS

The voting instructions set forth in this Article IV should be followed by holders of claims or equity interests who are entitled to vote on the Cash Plan.

### A. CREDITORS AND RECORD HOLDERS OF SECURITIES

A ballot or ballots to be used for voting to accept or reject the Cash Plan, together with a return envelope, are enclosed with copies of this Disclosure Statement mailed to those creditors and shareholders in classes entitled to vote. Because not all creditors and shareholders of the Debtors are impaired, you may receive a copy of this Disclosure Statement but not be entitled to vote for or against the Cash Plan because your Claim or Interest is not impaired and thus you are presumed to accept the Cash Plan. Each ballot has been coded with respect to each impaired class of claims or interests. Accordingly, in voting for or against the Cash Plan, please use only the appropriate coded ballots sent to you with this Disclosure Statement. While any ballot submitted will be considered if appropriately completed, your use of the pre-printed coded ballots will reduce the administrative costs and burden of conducting the voting.

#### 1. Who May Vote

The Bankruptcy Code provides that only the holders of impaired Allowed Claims, Allowed Secured Claims, and Allowed Interests (or claims which are deemed allowed) may vote on a plan of reorganization. The classes that are impaired under the Cash Plan are:

- 2.AI.2 Allegheny Secured Bank Claims
- 4.AI.2 Allegheny Senior Unsecured Claims
- 5.AI.1 Allegheny General Unsecured Claims
- 7.AI.1 Allegheny Subordinated Debenture Claims
- 8.AI.1 Allegheny Preference Stock Interests
- 8.AI.2 Allegheny Preferred Stock Interests
- 9.AI.1 Allegheny Common Stock Interests
- 5.CH.1 Chemetron General Unsecured Claims

Holders of Unimpaired Claims are not entitled to vote to accept or reject the Cash Plan because their claims are unimpaired, but are entitled to file objections to confirmation.

The Record Date for determining which holders of stock and public debt securities may vote on the Cash Plan is April 30, 1990. **THE INDENTURE TRUSTEES FOR PUBLIC DEBT SECURITIES WILL NOT VOTE ON BEHALF OF THE HOLDERS OF THESE SECURITIES AND CONSEQUENTLY SUCH HOLDERS MUST SUBMIT THEIR OWN BALLOTS.**

To simplify the voting procedure, ballots have been sent to the known holders of all impaired Claims against the Debtors, including holders of Disputed Claims to which Debtors have filed objections and to the holders of equity Interests in Allegheny as of the Record Date. However, as previously noted, only the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests (or claims and interests which are deemed allowed) which are classified within a class of impaired claims or interests, may vote on the Cash Plan. A Claim or Interest to which an objection has been filed is not an Allowed Secured Claim, Allowed Claim or Allowed Interest unless the Bankruptcy Court rules on the objection, or allows the claim or interest for purposes of voting. The Bankruptcy Court, by Order dated February 5, 1990, set April 30, 1990 as the last date for filing objections to Claims. If a claim is contingent, disputed or unliquidated, the Bankruptcy Court may temporarily allow the Claim for purposes of voting on a plan.

Therefore, although the holders of Claims or Interests to which objections have been filed will receive ballots, their votes will not be counted, unless temporarily allowed by the Bankruptcy Court for purposes of voting on the Cash Plan.

## **2. How to Vote**

If you are the holder of an impaired claim or interest, you will receive a ballot for voting on the Cash Plan. If you have a claim or interest in more than one impaired Class, you may receive multiple coded ballots. **IF YOU RECEIVE MORE THAN ONE BALLOT YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM OR INTEREST AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM.** If a ballot is damaged or lost, or if you have any questions concerning voting procedures, you may contact Japonica's information agent:

Georgeson & Company, Inc.  
One Wall Street Plaza  
New York, New York 10005  
Telephone: 1-800-223-2064

Return ballots to **ALLEGHENY INTERNATIONAL—JAPONICA PARTNERS PLAN OF REORGANIZATION, C/O CLAUDIA KING & ASSOCIATES, P.O. BOX 2010, JERSEY CITY, NEW JERSEY 07303-2010.** An envelope has been provided for this purpose with ballots sent to persons entitled to vote on the Cash Plan. **TO BE COUNTED, BALLOTS MUST BE RECEIVED BY CLAUDIA KING & ASSOCIATES BY 5:00 P.M., EASTERN DAYLIGHT TIME, JUNE 8, 1990.**

## **B. VOTE REQUIRED FOR CLASS ACCEPTANCE**

The Bankruptcy Code defines acceptance of a plan by a class of claimants as acceptance by creditors holding two-thirds in dollar amount and more than one-half in number of the Allowed Claims of that class which actually vote to accept or reject the plan. With respect to a class of equity interests, acceptance of a plan by holders of at least two-thirds of the outstanding shares of the class that voted to accept or reject the plan, binds the class.

## **C. SECURITIES HELD IN NOMINEE NAME**

Bank and broker nominees will transmit ballots with a copy of this Disclosure Statement to each beneficial owner of Debtors' securities held in the name of such nominees. Instructions for returning ballots appear on the ballots and will also be sent to beneficial owners by nominees. If you have a question concerning the voting procedure for beneficial owners, contact your bank or broker, or the Proponent's information agent, at the address and telephone number given above.

## **D. VOTE ON RESOLVING ORIGINAL ISSUE DISCOUNT DISPUTE INVOLVING CLASS 7.AI.1 (Allegheny Subordinated Debenture Claims)**

The members of Class 7.AI.1 (Allegheny Subordinated Debenture Claims), in addition to voting on the Cash Plan, are being requested to vote on the resolution of the original issue discount dispute concerning the allowed claim of the holders of Allegheny's 10.4% Subordinated Sinking Fund Debentures due 2002 (the "10.4% Debentures"). (See "The Plan—Means of Execution—Resolution of OID Escrow.") Acceptance of this proposal to resolve the original issue discount dispute requires accepting votes of two-thirds in dollar amount and one-half in number of the holders of 10.4% Debentures who vote, tallied separately, and of two-thirds in dollar amount and one-half in number of the holders of the other debentures (the 10¾% Subordinated Sinking Fund Debentures due 1999 and the 9% Subordinated Sinking Fund Debentures due 1989) who vote, tallied together. Proponent has tendered for securities in Class 7.AI.1. See "The Purchase Transaction—The Plan Proponent—Tender Offer."



## V. THE PLAN

### A. THE CASH PLAN

The Cash Plan provides that assets of Allegheny will be transferred to RCV and O/S J.V. and the proceeds of sale will be distributed among the classes of creditors and equity interests. The chart below summarizes the estimated sources and uses of cash available for distribution to creditors and shareholders of the Debtors under the Cash Plan, assuming the Effective Date is April 30, 1990.

#### SOURCES OF CONSIDERATION (in millions)

Cash From Purchasers* .....		\$620.8
Equity Investment .....	\$120.0 ←	
Bank Financing .....	315.0	
Cash From Company** .....	185.8	
Tax Liabilities Assumed .....		14.6
Debt and Capital Leases Reinstated .....		19.9
Total Sources of Consideration .....		\$655.3

#### USES OF CONSIDERATION (in millions)

Cash Paid to Creditors*** .....		\$612.7
Debt and Capital Leases Reinstated .....		19.9
Tax Liabilities Issued .....		14.6
Cash Paid to Equity Interests .....		8.1
Total Uses of Consideration .....		\$655.3

\* On the Effective Date, \$15,018,000 plus an additional amount determined by the Court on the basis of Binding Compensation Estimates to fund administrative expense claims against the Debtors in respect of the allowance of professional fees will be deposited in the PNB Escrow Account. RCV will fund the reserve for Administrative Compensation Claims which accrue on or before July 2, 1990. See "The Plan—Means for Execution—Binding Compensation Estimates."

\*\* The assets purchased from the Debtors include Cash held by the Debtors, which the Debtors estimated as of March 31, 1990 would be approximately \$220 million. There is no assurance that the amount of Cash held by the Debtors will remain constant until the confirmation and closing of the asset purchase transaction. For a discussion of the Capital Structure of Purchaser and the status of financing, see "The Purchase Transaction—The Transaction and Corporate Structure" and "The Purchase Transaction—Bank Financing."

\*\*\* \$605,774,000 (plus or minus Cash Adjustments) will be deposited into the Distribution Trust. Funding of the increases in settlement amounts to Class 5.SB.7 will increase the total cash consideration paid for the assets of Allegheny. The payment of commitment fees by the Debtors subsequent to March 23, 1990 and prior to the Effective Date will decrease cash consideration paid.

#### *Effective Date*

The Effective Date is defined under the Cash Plan as the first Business Day which is 10 days after entry of a Confirmation Order, on which each of the conditions to consummation (for the specific conditions to the Cash Plan, see "Conditions to Consummation of the Cash Plan") has been satisfied or waived. The rights of creditors and shareholders of the Debtors will be fixed by the confirmed Cash Plan and will not be affected by the reorganization except as provided in the Plan, the order confirming the Plan or applicable provisions of the Code.

### *Disputed Claims Treatment*

It is anticipated that on the Effective Date there may be Disputed Claims which have not been settled or estimated by the Bankruptcy Court pursuant to 11 U.S.C. § 502(c). These are claims or portions thereof which are not Allowed Claims or Allowed Secured Claims. Disputed Claims include Claims (A) (i) proof of which has been timely filed with the Bankruptcy Court, (ii) an objection to the allowance of which or motion to expunge which has been interposed prior to any final date for the filing of such objections and (iii) such objection or motion has not been settled or determined by a Final Order allowing or disallowing or expunging such claim or portion thereof or (B) which are unliquidated or contingent and the Debtors' liability has not been estimated pursuant to § 502(c) of the Bankruptcy Code. In addition, all late-filed claims shall be deemed to be Disputed Claims, unless with respect to such late-filed claims an order of the Bankruptcy Court provides otherwise. Under the Cash Plan holders of Disputed Claims will receive no distributions unless their claims are allowed by a Final Order, which may not occur until after the Effective Date.

A plan must provide assurance that holders of Disputed Claims which later become Allowed Claims receive distributions in respect of their Allowed Claims which are proportional to those received by holders whose claims are allowed on the Effective Date. Under the Debtors' Plan, payment of claims for Post-petition Interest and the allowed portion of Disputed Claims against Sunbeam, Holdings and Almet/Lawnlite are provided for through letters of credit which if drawn on, would increase the debt and decrease the net worth of the Reorganized Debtors. Similarly under the Debtors' Plan, to provide for Disputed Claims in impaired classes that become allowed after the Effective Date, the Debtor will issue additional shares of new Common Stock. This could result in a reduction in the percentage of recovery for the various classes as the schedules set forth in the Debtors' Disclosure Statement demonstrate.

In order to afford holders of disputed, contingent and unliquidated claims (collectively "Disputed Claims") treatment which is similar to the treatment given to all Allowed Claims of a Debtor, the Cash Plan provides for "Holdbacks" from Distributions otherwise allocable to impaired creditor classes. Holdback I will reserve funds from the distributions to impaired classes of claims (2.A1.2, 4.A1.2, 5.A1.1, 7.A1.1 and 5.CH.1) sufficient to provide for payment in full, in cash, of the allowed portion of Disputed Claims of unimpaired classes and the allowed amount of Post-petition Interest in respect of Post-petition Interest Declarations timely filed against Sunbeam, Holdings and Almet/Lawnlite, to the extent not settled. Distributions on Allowed Claims in unimpaired classes are not reduced or delayed by Holdbacks.

The Allegheny Holdback will provide a reserve for payment of Disputed Claims in impaired Allegheny classes from Distributions to Classes 2.A1.2, 4.A1.2, 5.A1.1 and 7.A1.1. The Chemetron Holdback will provide a reserve for Disputed Claims in Class 5.CH.1 from Distributions to that Class.

Holdback I shall be apportioned among the classes subject to Holdback I, in accordance with their Holdback Rate which is a fraction, the numerator of which is equal to the number of Holdback Shares for that class and the denominator of which is the Total Holdback Shares for all classes subject to Holdback I. The number of Holdback Shares for each class is determined by dividing (i) the Net Allowed Claims of such class as of the Effective Date (the amount of such claims, less any cash distributed and not subject to Holdbacks) by (ii) the Share Conversion Rate for such class. The Share Conversion Rate roughly approximates the amount of claim required to obtain one share of stock under the Debtors' Plan. The Rate for Class 7.A1.1 is slightly different because that Class also receives warrants under the Debtors' Plan. The Share Conversion Rate for each class is as follows: 2.A1.2—7.00; 4.A1.1—7.88; 5.A1.1—11.57; 7.A1.1—15.71; 5.CH.1—7.88. The same calculation is used in apportioning the Allegheny Holdback among the classes subject to that Holdback (Classes 2.A1.2, 4.A1.2, 5.A1.1 and 7.A1.1). Examples of the calculation of Holdback I are set forth in Tables C and D (giving effect to the Post-petition Interest Settlement) and in Tables J and K (without giving effect to the Post-petition Interest

Settlement). Examples of the calculation of the Allegheny Holdback are set forth in Tables E, F and G (giving effect to the Post-petition Interest Settlement) and in Tables L, M and N (without giving effect to the Post-petition Interest Settlement).

The amount of the Chemetron Holdback is determined by taking the amount available for Distribution to Class 5.CH.1 on the Effective Date after giving effect to Holdback I, and multiplying that amount by a number equal to one minus a fraction, the numerator of which is equal to the total amount of Allowed Claims as of the Effective Date, and the denominator of which is equal to the sum of Disputed Claims plus Allowed Claims within Class 5.CH.1. Examples of how the Chemetron Holdback is calculated are set forth in Exhibits H and O.

The Cash Plan provides that two committees shall be formed subsequent to the Effective Date. One committee will have representatives of the (i) holders of Class 7.A1.1 Claims (Allegheny Subordinated Debenture Claims); (ii) holders of Class 4.A1.2 Claims (Allegheny Senior Unsecured Claims); (iii) holders of Class 2.A1.2 Claims (Allegheny Secured Bank Claims); and (iv) the Distribution Trustee or a representative of the Distribution Trustee. This committee must approve all settlements of Disputed Claims against Allegheny made after the Effective Date (the "ADC Committee"). Reasonable costs and expenses of this Committee shall be paid from earnings on the Allegheny Holdback. The settlement of Disputed Claims against Chemetron will be approved by a representative of Class 5.CH.1 and the Distribution Trustee. Reasonable costs and expenses of this Committee will be paid from the Chemetron Holdback. Disputed Claims covered by Holdback I shall be settled with the approval of a committee composed of a representative of the ADC Committee, the designated representative of Class 5.CH.1 and the Distribution Trustee. (For a discussion of the Disputed Claims Committees and their expenses, see "The Plan—Means for Execution—The Distribution Trust.")

## **B. CATEGORIES OF CERTAIN CLAIMS COMMON TO ALL DEBTORS**

The Bankruptcy Code provides that certain types of expenses and claims are to be paid prior to the making of Distributions to prepetition unsecured creditors. The Code also describes generally the manner in which these expenses and claims are to be paid. These provisions are reflected in the Cash Plan as follows:

**1. Allowed Administrative Expense Claims.** The Cash Plan provides for the payment of Allowed Administrative Expense Claims in full in cash. Administrative Expense Claims include the costs and expenses incurred in connection with the reorganization cases, such as trade obligations incurred in the ordinary course of business and certain other claims arising after the commencement of the reorganization cases from dealings with the Debtors, as well as professional fees for "ordinary course" attorneys and accountants retained in the ordinary course of the Debtors' business and paid through the procedures established by the Court for "ordinary course" professionals. Payment of these costs and expenses, to the extent not previously paid, will be made in cash on or before the Effective Date or within 30 Business Days after the date on which such claims become Allowed Administrative Expense Claims or in accordance with the ordinary business terms for payment of such expenses, whichever is later.

**2. Administrative Compensation Claims.** Payments have been made during the bankruptcy cases to professionals and for expenses of the Committees in accordance with detailed procedures established by the Bankruptcy Court relating to the payment of interim compensation and are subject to final allowance by the Bankruptcy Court. Administrative Compensation Claims for fees and expenses of professionals retained by the Debtors pursuant to section 327 of the Code shall be compensated at such rates as the Bankruptcy Court may allow. The Bankruptcy Court will ultimately review all fees paid under the interim procedures as well as fees requested to be paid which have not been paid under the interim procedures and any additional requests for fees. The Bankruptcy Court will then determine whether any fees already paid should be refunded or whether any additional fees should be paid. The

Bankruptcy Code further provides that the Bankruptcy Court may award payment of compensation and reimbursement of expenses to creditors, indenture trustees and other persons making a "substantial contribution" to the reorganization cases, and to the attorneys and other professional advisors to such persons.

The Cash Plan requires any person or entity requesting compensation pursuant to Bankruptcy Code sections 327, 328, 330, 503(b)(2)-(6) and 1103 out of the ordinary course of business to file a Binding Compensation Estimate, which is a binding written estimate to be filed on or before the time set for hearing on Confirmation, of the maximum amount of all compensation to be requested in the Debtors' cases (including any request for compensation for substantial contribution in the Reorganization Cases), which binding estimate shall expressly relinquish any right such person or entity might have to later seek any amount in excess of such estimate for the time periods covered by the Estimates. Allowance of compensation requests as set forth in Binding Compensation Estimates must be approved by the Bankruptcy Court after a hearing.

The Debtors state in their Disclosure Statement that they have estimated that the amount of all allowances of fees and expenses of professionals (other than any compensation for substantial contribution) in connection with the Reorganization Cases ("Professional Fees") not paid as of December 31, 1989, will approximate \$15 million. As of January 22, 1990, approximately \$12.9 million had been paid pursuant to Bankruptcy Court orders on an interim basis to professionals retained by the Debtors and the Committees for services rendered and expenses incurred in connection with the administration of the Reorganization Cases (exclusive of professional fees and expenses incurred in the ordinary course of the Debtors' businesses).

The Distributions provided in this Plan are based on unpaid Administrative and Priority Claims not exceeding \$15,018,000, plus a reserve, estimated by the Court, in respect of Professional Fees determined on the basis of the customary and usual hourly rates (the "Lodestar Amount"), accruing through and including 90 days following the Confirmation Date. RCV will fund the reserve for unpaid professional fees incurred through and including July 2, 1990, to the extent such reserve exceeds \$15,018,000. The reserve required to fund Professional Fees incurred after that date will reduce the recovery to impaired classes of claims in proportion to their Holdback Rate for Holdback I. RCV reserves the right to increase the purchase price to fund Professional Fees incurred after July 2, 1990. To the extent that the aggregate Allowed Administrative and Priority Claims are less than the amounts deposited in the PNB Escrow Account, the surplus (including interest accrued on the funds on deposit) shall be paid first to the Distribution Trust to the extent that such reserve was funded from a reduction in the recoveries to impaired classes of claims, with any balance to be paid to RCV.

To the extent that Claims for compensation that exceed the Lodestar Amount are allowed to professional persons representing an impaired class of claims, the amount awarded such professional persons in excess of the Lodestar Amount shall be funded from the distributions allocable to the impaired class of Claims which the professional persons seeking such excess amounts represents. Proponents do not anticipate that professional persons will seek extraordinary compensation, or if such compensation is sought, that the Court would award premiums above customary time charges.

**3. Allowed Priority Claims.** Allowed Priority Claims consist of the claims except for Administrative Expense Claims, Administrative Compensation Claims, and Tax Claims, if any, arising under section 507(a) of the Bankruptcy Code and entitled to priority in any Distribution of property pursuant to the Cash Plan. This section of the Bankruptcy Code grants priority status to certain claims for wages and salaries, employee benefit plan contributions and claims against deposits of money placed by customers of the Debtors in connection with the purchase, lease or rental of property or the purchase of services for the personal, family or household use of such individuals, that were not delivered or provided by the Debtors. Although the estimated amount of such Allowed Claims is insignificant, the Cash Plan provides for the payment of Allowed Priority Claims in full in Cash.

**4. Allowed Tax Claims.** The holders of all Allowed Claims which are federal or state tax claims entitled to priority under section 507(a)(7) of the Bankruptcy Code will be paid in cash in annual installments over a period commencing one year after the Effective Date and continuing each year thereafter until 6 years after the Effective Date with simple interest from and after the Effective Date. Such installment payments will be evidenced by promissory notes (the "Tax Notes"). Notwithstanding the foregoing, the Internal Revenue Service shall be paid the amount of its Allowed Tax Claims in equal quarterly installments, plus accrued simple interest from the Effective Date on the unpaid balance at the rate of 11% per annum, with payments to commence three months after the Effective Date. Obligations with respect to Tax Notes of Allegheny or the Allowed Tax Claims owed to the IRS will be assumed by RCV and SAHL. RCV shall indemnify and hold the Distribution Trust harmless with respect to any claim asserted against the Distribution Trust to collect any claim evidenced by one or more Tax Notes. The Tax Notes or Allowed Tax Claims of the IRS may be prepaid in whole or in part at any time, without penalty, but with interest accrued to the date of payment. It is estimated that the net amount of Allowed Tax Claims for federal and state taxes for all Debtors will be approximately \$14.6 million.

**5. Convenience Claims.** Convenience Claims as a category consist of all claims (other than claims based upon the prepetition issuance of securities) against any of the Debtors which are \$500 or less or which are more than \$500 and reduced to \$500 by the holders thereof. An election by any creditor to reduce any Allowed Claim to qualify as a Convenience Claim must be exercised at or before the Ballot Time. Debtors estimate that aggregate Convenience Claims will be less than \$100,000.

#### **C. CLASSIFICATION OF CLAIMS AND INTERESTS BY DEBTOR**

The Cash Plan divides the remaining claims against and interests in the Debtors into various classes as set forth below.

##### **AI Exercise Co.**

- (a) Class 5.EX.1 (AI Exercise Co. General Unsecured Claims) consists of all General Unsecured Claims against AI Exercise Co.
- (b) Class 5.EX.2 (AI Exercise Co. Reinstated Claims) consists of all Reinstated Claims against AI Exercise Co.
- (c) Class 9.EX.1 (AI Exercise Co. Common Stock interests) consists of all interests based upon AI Exercise Co. Common Stock.

##### **AI (USA)**

- (a) Class 5.US.1 (AI (USA) General Unsecured Claims) consists of all General Unsecured Claims against AI (USA).
- (b) Class 5.US.2 (AI (USA) Reinstated Claims) consists of all Reinstated Claims against AI (USA).
- (c) Class 9.US.1 (AI (USA) Common Stock Interests) consists of all interests based upon AI (USA) Common Stock.

##### **Allegheny**

- (a) Class 2.AI.2 (Allegheny Secured Bank Claims) consists of all claims against Allegheny arising under the Secured Revolving Credit Agreement, dated as of July 30, 1987, as amended, by and among Allegheny, the banks referred to therein (the "Banks") and Mellon Bank, N.A., as agent ("Credit Agreement") including claims based upon guaranty or suretyship obligations of Allegheny with respect to Sunbeam's reimbursement obligations for payments made on letters of credit or by the Banks for the account of Sunbeam ("AI Guaranty Claims"). The members of this class are the commercial bank lenders to Allegheny, which banking group is headed by

Mellon Bank, N.A. and assignees of Class 2.AI.2 claims. Certain of the Banks have assigned their claims to Allegheny Banc Claims, a Rhode Island limited partnership which is an equity investor under the Cash Plan. See "The Purchase Transaction—The Plan Proponent."

- (b) Class 2.AI.3 (Lincoln County IRB Claims) consists of the Claim of Morgan Guaranty Trust Company based upon the Industrial Revenue Bond due 2008 secured by the Lincoln County, North Carolina plant of Allegheny.
- (c) Class 4.AI.2 (Allegheny Senior Unsecured Claims) consists of all senior unsecured claims of holders of indebtedness of Allegheny for money borrowed, and claims of indenture trustees for their compensation, expenses, disbursements and advances under indentures pursuant to which debentures constituting senior unsecured indebtedness for money borrowed were issued, which class includes the Allegheny Overseas Capital N.V. 7<sup>3</sup>/<sub>4</sub>% Swiss Franc Notes due 1988 in the approximate amount of \$23.1 million (based on Allegheny's guarantee of such notes) but excluding all other indebtedness of Allegheny arising from the guaranty of the obligations of another Debtor or Affiliate for borrowed money. Class 4.AI.2 also includes the 9% Sinking Fund Debentures due through 1995 in the approximate amount of \$13.4 million, the 6<sup>3</sup>/<sub>4</sub>% Notes due 1989 in the approximate amount of \$2.2 million, the 4<sup>5</sup>/<sub>8</sub>% Notes due 1990 in the approximate amount of \$3.8 million, the 9<sup>3</sup>/<sub>4</sub>% Notes due 1982-1996 in the approximate amount of \$25.3 million, the Gainesville and Hall County Industrial Revenue Bond in the approximate amount of \$0.9 million (based on a claim brought by Drexel Burnham Lambert), and the short-term notes due The Chase Manhattan Bank, N.A. and Pittsburgh National Bank of \$1.0 million and \$1.8 million. Allegheny Banc Claims, a Delaware limited partnership which is an equity investor under the Cash Plan purchased approximately 94.5% of the outstanding Swiss Franc Notes.
- (d) Class 5.AI.1 (Allegheny General Unsecured Claims) consists of all General Unsecured Claims against Allegheny other than Administrative, Priority and Tax Claims or claims included in Class 4.AI.2 (Allegheny Senior Unsecured Claims), Class 7.AI.1 (Allegheny Subordinated Debenture Claims) or Class 5.AI.2 (Allegheny Reinstated Claims). Class 5.AI.1 Claims include claims asserted by trade creditors, claims arising out of the prepetition contracts, including rejected executory contracts and leases, and other debt (including litigation Claims and other contingent liabilities not otherwise classified).
- (e) Class 5.AI.2 (Allegheny Reinstated Claims) consists of all Reinstated Claims against Allegheny which are specifically listed in the definition of Reinstated Claims in the Cash Plan.
- (f) Class 7.AI.1 (Allegheny Subordinated Debenture Claims) consists of all claims against Allegheny based upon Subordinated Debentures. Class 7.AI.1 consists of the 10<sup>3</sup>/<sub>4</sub>% Subordinated Sinking Fund Debentures due through 1999 in the approximate amount of \$69.8 million, the 10.4% Subordinated Sinking Fund Debentures due 1993-2002 in the approximate amount of \$29.5 million, and the 9% Subordinated Sinking Fund Debentures due through 1989 in the approximate amount of \$12.2 million. These amounts represent the face amount of such debentures less the unamortized original issue discount (which is in dispute with respect to the 10.4% Sinking Fund Debentures due 1993-2002, see "The Company—Certain Legal Issues—OID Litigation") before the date Allegheny filed its petition in bankruptcy, plus interest accrued to that date.
- (g) Class 8.AI.1 (Allegheny Preference Stock Interests) consists of all interests based upon the Allegheny \$2.19 Cumulative Preference Stock, of which 2,814,107 shares were outstanding as of October 1, 1989.
- (h) Class 8.AI.2 (Allegheny Preferred Stock Interests) consists of all interests based upon the Allegheny \$11.25 Convertible Preferred Stock, of which 1,915,726 shares were outstanding as of October 1, 1989.

- (i) Class 9.AL.1 (Allegheny Common Stock Interests) consists of all interests based upon the Allegheny Common Stock of which 10,859,129 shares were outstanding as of October 1, 1989, along with associated preferred stock purchase rights ("preferred stock purchase rights") under the Rights Agreement dated as of March 6, 1985, between Allegheny and Morgan Guaranty Trust Company, as rights agent, as amended (the "Rights Agreement") and including any and all other rights to the common stock of Allegheny.

#### **Almet/Lawnlite**

- (a) Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims) consists of all General Unsecured Claims against Almet/Lawnlite. Class 5.AL.1 Claims consist of Claims asserted by trade creditors of Almet/Lawnlite and Disputed Claims which are the subject matter of pending litigation.
- (b) Class 2.AL.2 (Almet/Lawnlite Secured Claim) consists of the Reinstated Metropolitan Federal Claim which is an Allowed Secured Claim.
- (c) Class 5.AL.2 (Almet/Lawnlite Reinstated Claims) consists of all Reinstated Claims against Almet/Lawnlite.
- (d) Class 9.AL.1 (Almet/Lawnlite Common Stock Interests) consists of all interests based upon Almet/Lawnlite Common Stock.

#### **AL-Industrial Products**

- (a) Class 5.AP.1 (AL-Industrial Products General Unsecured Claims) consists of all General Unsecured Claims against AL-Industrial Products.
- (b) Class 5.AP.2 (AL-Industrial Products Reinstated Claims) consists of all Reinstated Claims against AL-Industrial Products.
- (c) Class 9.AP.1 (AL-Industrial Products Common Stock Interests) consists of all interests based upon AL-Industrial Products Common Stock.

#### **Chemetron**

- (a) Class 5.CH.1 (Chemetron General Unsecured Claims) consists of all General Unsecured Claims against Chemetron. Class 5.CH.1 Claims consist primarily of the 9% Debentures due 1994, the 10½% Notes due 1990, and includes other debt (including litigation Claims and other contingent liabilities not otherwise classified).
- (b) Class 5.CH.2 (Chemetron Reinstated Claims) consists of all Reinstated Claims against Chemetron.
- (c) Class 9.CH.1 (Chemetron Common Stock Interests) consists of all interests based upon Chemetron Common Stock.

#### **Chemetron Investments**

- (a) Class 2.CI.1 (Chemetron Investments Secured Claims) consists of the claim of Pittsburgh National Bank secured by property of the Estate of Chemetron Investments.
- (b) Class 5.CI.1 (Chemetron Investments General Unsecured Claims) consists of all General Unsecured Claims against Chemetron Investments.
- (c) Class 5.CI.2 (Chemetron Investments Reinstated Claims) consists of all Reinstated Claims against Chemetron Investments.
- (d) Class 9.CI.1 (Chemetron Investments Common Stock Interests) consists of all interests based upon Chemetron Investments Common Stock.

**Eliskim**

- (a) Class 5.EL.1 (Eliskim General Unsecured Claims) consists of all General Unsecured Claims against Eliskim.
- (b) Class 5.EL.2 (Eliskim Reinstated Claims) consists of all Reinstated Claims against Eliskim.
- (c) Class 9.EL.1 (Eliskim Common Stock Interests) consists of all interests based upon Eliskim Common Stock.

**Holdings**

- (a) Class 5.SH.1 (Holdings General Unsecured Claims) consists of all General Unsecured Claims against Holdings.
- (b) Class 5.SH.2 (Holdings Reinstated Claims) consists of all Reinstated Claims against Holdings.
- (c) Class 9.SH.1 (Holdings Common Stock Interests) consists of all interests based upon Holdings Common Stock.

**Infoswitch**

- (a) Class 5.IN.1 (Infoswitch General Unsecured Claims) consists of all General Unsecured Claims against Infoswitch.
- (b) Class 5.IN.2 (Infoswitch Reinstated Claims) consists of all Reinstated Claims against Infoswitch.
- (c) Class 9.IN.1 (Infoswitch Common Stock Interests) consists of all interests based upon Infoswitch Common Stock.

**Integrated Specialties**

- (a) Class 5.IS.1 (Integrated Specialties General Unsecured Claims) consists of all General Unsecured Claims against Integrated Specialties.
- (b) Class 5.IS.2 (Integrated Specialties Reinstated Claims) consists of all Reinstated Claims against Integrated Specialties.
- (c) Class 9.IS.1 (Integrated Specialties Common Stock Interests) consists of all interests based upon Integrated Specialties Common Stock.

**Sunbeam**

- (a) Class 5.SB.1 (Sunbeam General Unsecured Claims) consists of all General Unsecured Claims against Sunbeam. Class 5.SB.1 Claims consist of trade creditors' Claims, employee benefit deferred compensation claims and other debt (including liabilities for rejected leases and executory contracts and litigation Claims and other contingent liabilities not otherwise classified).
- (b) Class 5.SB.2 (Sunbeam Reinstated Claims) consists of all Reinstated Claims against Sunbeam which are specifically set forth in the definition of Reinstated Claims.
- (c) Class 5.SB.3 (Reinstated Sunbeam Debentures) consists of the Reinstated Sunbeam Debentures.
- (d) Class 5.SB.7 (Sunbeam Institutional Unsecured Claims) consists of all unsecured non-priority Claims for borrowed money against Sunbeam held by a financial institution or held by a financial institution as trustee, other than Reinstated Claims and Claims included in Class 5.SB.8.



- (e) Class 5.SB.8 (Sunbeam Reimbursement Claims) consists of claims against Sunbeam for reimbursement of payments made on letters of credit issued by Mellon Bank, N.A. for the account of Sunbeam prior to the Filing Date.
- (f) Class 9.SB.1 (Sunbeam Common Stock Interests) consists of all interests based upon Sunbeam Common Stock.

**Woodshaft**

- (a) Class 5.WS.1 (Woodshaft General Unsecured Claims) consists of all General Unsecured Claims against Woodshaft.
- (b) Class 5.WS.2 (Woodshaft Reinstated Claims) consists of all Reinstated Claims against Woodshaft.
- (c) Class 9.WS.1 (Woodshaft Common Stock Interests) consists of all interests based upon Woodshaft Common Stock.

**D. DISTRIBUTIONS TO UNIMPAIRED CLASSES OF CLAIMS AND INTERESTS**

Certain classes of claims and interests are not impaired under the Cash Plan. Classes are not impaired either because holders of these claims will receive cash in an amount equal to the allowed amount of their claims on the Effective Date, or because the Cash Plan will leave unaltered the legal, equitable and contractual rights of the holders of such claims which may require among other matters paying principal or interest installments due thereon and complying with covenants of applicable indentures (Reinstatement). Classes that are not impaired under the Cash Plan are deemed by law to have accepted such Plan. A holder of a claim or interest which is not impaired under the terms of the Cash Plan has the right to file an objection to confirmation notwithstanding the fact that the holder may not be able to vote against the Plan.

Under the terms of the Cash Plan, a person holding an Allowed Priority Claim will be paid the amount of such Allowed Priority Claim in cash on the later of (i) the Effective Date, (ii) the date which is 30 Business Days after the date on which such claim becomes an Allowed Priority Claim or (iii) the date payment of the Allowed Priority Claim is due.

Administrative Compensation Claims for fees and expenses of professionals retained by the Debtors pursuant to section 327 of the Bankruptcy Code shall be compensated in the amount determined by the Bankruptcy Court. A person holding an Allowed Administrative Compensation Claim (not to exceed, in the case of compensation required to be submitted pursuant to the Binding Compensation Estimation procedure, the amount of any Binding Compensation Estimate filed by the holder of such claim) will be paid the amount of such Allowed Administrative Compensation Claim in cash (i) on or before (a) the Effective Date, or (b) the date which is 30 Business Days after the date on which such claim becomes an Allowed Administrative Compensation Claim, whichever is later; or (ii) in accordance with the ordinary business terms for payment of such claim. Section 7.10 of the Cash Plan contains reserves which have been established for professional fees. If amounts are allowed to a professional person in excess of the Lodestar Amount provided for by such reserves, the excess shall be deducted from the distributions allocable to the class represented by such professional; provided, however, that no deduction shall be made from distributions due to unimpaired classes or Classes 8.A1.1, 8.A1.2 or 9.A1.1. See "The Plan—Categories of Claims Common to All Debtors—Administrative Compensation Claims."

The holder of an Allowed Tax Claim shall receive within thirty (30) days of the time such Claim is allowed a note providing for deferred cash payments over a period ending six (6) years after the Effective Date, of a value, as of the Effective Date, equal to the amount of such Allowed Tax Claim. These payments shall be made in equal annual principal installments, plus simple interest from the

Effective Date at the rate of 6% per annum or such other rate as the Bankruptcy Court determines by Final Order to be required by Bankruptcy Code section 1129(a)(9) with payments to commence one year after the Effective Date. Notwithstanding the foregoing, the Internal Revenue Service shall be paid the amount of its Allowed Tax Claims in equal quarterly installments, plus accrued simple interest from the Effective Date on the unpaid balance at the rate of 11% per annum, with payments to commence three months after the Effective Date and a final equal installment to be paid six (6) years after the Effective Date. The Tax Notes or the Tax Claims of the IRS may be prepaid, in whole or in part, at any time without penalty, but with interest accrued to the date of payment. RCV and SAHL will assume the obligations of the Debtors in respect of Tax Notes and the IRS Tax Claims.

The treatment of each unimpaired class is as follows:

#### **1. Convenience Claims.**

The holders of Convenience Claims will be paid in cash on the Effective Date 100% of the amount of their Allowed Claims. If an Allowed Claim (other than a claim relating to a security of the Debtor) exceeds \$500 such claim shall be reduced to \$500 as a condition of inclusion in the Convenience Class.

#### **2. AI Exercise Co.**

(a) Class 5.EX.1 (AI Exercise Co. General Unsecured Claims): Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class cash payment in the amount of 100% of their Allowed Claims.

(b) Class 5.EX.2 (AI Exercise Co. Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 9.EX.1 (AI Exercise Co. Common Stock Interests): Holders of Allowed Interests shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### **3. AI (USA)**

(a) Class 5.US.1 (AI (USA) General Unsecured Claims): Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class cash payment in the amount of 100% of their Allowed Claims.

(b) Class 5.US.2 (AI (USA) Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 9.US.1 (AI (USA) Common Stock Interests): Holders of Allowed Interests shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### **4. Allegheny**

(a) Class 2.AI.3 (Lincoln County IRB Claim): The holder of the Class 2.AI.3 Lincoln County IRB Claim shall be treated in accordance with the Bankruptcy Court's consensual order dated June 23, 1988, which provides that the holder has waived a claim for any deficiency upon liquidation or sale of the plant, and the legal, equitable and contractual rights in respect of such claim, as modified by such order, shall remain unaltered by the Plan. The lease of the plant between Allegheny International, Inc. and Allegheny Exercise Co., as lessor, and Ajay Enterprises Corporation, as lessee, dated January 30, 1987, is assumed and assigned to the holder pursuant to the consensual order.

(b) Class 5.AI.2 (Allegheny Reinstated Claims): Allowed Claims of holders will be Reinstated.

#### **5. Almet/Lawnlite**

(a) Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims): Allowed Claim holders will be paid in cash on the Effective Date 100% of the amount of such Allowed Claims.

(b) Class 5.AL.2 (Almet/Lawnlite Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 2.AL.2 (Almet/Lawnlite Secured Claim): The Allowed Secured Claim of Metropolitan Federal Savings and Loan Association shall be Reinstated. If such Allowed Secured Claim cannot be Reinstated, the holder of such Claim shall be paid in cash on the Effective Date the Allowed Amount of its Claim. In such event, RCV will transfer to the Distribution Trust an amount equal to the principal which would be owed if the Allowed Secured Claim were Reinstated.

(d) Class 9.AL.1 (Almet/Lawnlite Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### **6. AL-Industrial Products**

(a) Class 5.AP.1 (AL-Industrial Products General Unsecured Claims): Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class a cash payment in the amount of 100% of their Allowed Claims.

(b) Class 5.AP.2 (AL-Industrial Products Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 9.AP.1 (AL-Industrial Products Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### **7. Chemetron**

(a) Class 5.CH.2 (Chemetron Reinstated Claims): Allowed Claims of holders will be Reinstated.

(b) Class 9.CH.1 (Chemetron Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### **8. Chemetron Investments**

(a) Class 5.CI.1 (Chemetron Investments General Unsecured Claims): Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class cash payment in the amount of 100% of their Allowed Claims.

(b) Class 2.CI.1 (Chemetron Investments Secured Claims): Allowed Secured Claim holders shall receive on the Effective Date on account of their Allowed Secured Claims cash payment in the amount of 100% of their Allowed Secured Claims.

(c) Class 5.CI.2 (Chemetron Investments Reinstated Claims): Allowed Claims of holders will be Reinstated.

(d) Class 9.CI.1 (Chemetron Investments Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### **9. Eliskim**

(a) Class 5.EL.1 (Eliskim General Unsecured Claims): Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class cash payment of 100% of their Allowed Claims.

(b) Class 5.EL.2 (Eliskim Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 9.EL.1 (Eliskim Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### **10. Holdings**

(a) Class 5.SH.1 (Holdings General Unsecured Claims): Allowed Claim holders will be paid in cash on the Effective Date 100% of the amount of such Allowed Claims.

(b) Class 5.SH.2 (Holdings Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 9.SH.1 (Holdings Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

## 11. Infoswitch

(a) Class 5.IN.1 (Infoswitch General Unsecured Claims): Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class cash payment of 100% of their Allowed Claims.

(b) Class 5.IN.2 (Infoswitch Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 9.IN.1 (Infoswitch Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

## 12. Integrated Specialties

(a) Class 5.IS.1 (Integrated Specialties General Unsecured Claims): Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class cash payment of 100% of their Allowed Claims.

(b) Class 5.IS.2 (Integrated Specialties Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 9.IS.1 (Integrated Specialties Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

## 13. Sunbeam

(a) Class 5.SB.1 (Sunbeam General Unsecured Claims): holders of Allowed Claims will be paid in cash on the Effective Date 100% of the amount of such Allowed Claims.

(b) Class 5.SB.2 (Sunbeam Reinstated Claims): Allowed Claims of holders will be Reinstated or in Purchaser's sole discretion, the Allowed Claims in this Class 5.SB.2 may be reclassified as Class 5.SB.1 Claims and paid 100% of the amount of such Allowed Claims in cash on the Effective Date. RCV or O/S J.V. as appropriate, will increase the cash paid to the Distribution Trust by the amount of any of the Allowed Claims of the class that would otherwise be Reinstated if RCV or O/S J.V. determines it will reclassify and pay 100% of any such Claim.

(c) Class 5.SB.3 (Reinstated Sunbeam Debentures): Allowed Claims of holders of the Sunbeam 5½% Sinking Fund Debentures due 1992 (the "5½% Debentures") shall be Reinstated. Reinstatement of the 5½% Debentures requires SAHL to assume the obligations of Sunbeam Corp. under the Indenture, cure missed sinking fund and interest payments, pay interest at the contractual rate on missed interest payments and provide for an equal and ratable security interest to debenture holders pursuant to the Indenture if a security interest is granted in the assets of Sunbeam. Payment of fees and expenses shall be judged on the standard set forth in the Indenture, and Distributions on these claims, whether or not reinstated, shall be made through the Indenture Trustee.

In the event that Proponent determines that RCV and/or SAHL is unable to Reinstated the 5½% Debentures, Class 5.SB.3 Claims will be left unimpaired. Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class cash payment in the amount of 100% of these Allowed Claims. The indenture trustee for the Debenture holders may file a Post-petition Interest Declaration and pursue claims for Post-petition Interest on behalf of its debenture holders. In connection therewith, the indenture trustee shall have the rights to which it is entitled under the terms of the indenture. Alternatively, individual Debenture holders may "opt-out" of such litigation by filing an acceptance of the Post-petition Interest Settlement with the Bankruptcy Court and serving a copy of such acceptance on Proponent's counsel prior to commencement of the hearing on Confirmation of the Cash Plan. In the event that Purchaser determines that it will pay 100% of the allowed principal amount of such Claims, RCV will transfer to the Distribution Trust the amount of the Allowed Claims that would otherwise be Reinstated.

(d) Class 9.SB.1 (Sunbeam Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### 14. Woodshaft

(a) Class 5.WS.1 (Woodshaft General Unsecured Claims): Allowed Claim holders shall receive on the Effective Date on account of their Allowed Claims in such class cash payment of 100% of their Allowed Claims.

(b) Class 5.WS.2 (Woodshaft Reinstated Claims): Allowed Claims of holders will be Reinstated.

(c) Class 9.WS.1 (Woodshaft Common Stock Interests): Holders shall retain their legal, equitable and contractual rights unaltered under applicable state law.

#### E. SUNBEAM STRUCTURED SETTLEMENTS

Claims of holders of Class 5.SB.7 (Sunbeam Institutional Unsecured Claims) and Class 5.SB.8 (Sunbeam Reimbursement Claims) shall be satisfied in their entirety as follows:

(a) Class 5.SB.8 (Sunbeam Reimbursement Claims) shall be paid an amount in cash on the Effective Date equal to (i) principal amounts owed to the holders of such claims, (ii) interest accrued on such principal amounts through and including February 19, 1988, calculated at the contract rate without giving effect to any default, penalty, premium or similar increase in rates, or other rate protection devices, and (iii) any fees, such as commitment, facility, letter of credit or similar fees chargeable in the ordinary course and in the absence of default to the extent that such amounts are attributable entirely to a period prior to the Filing Date for Sunbeam; provided that in all cases clauses (ii) and (iii) shall exclude interest and all charges, fees or levies of any kind arising or attributable to any time on or after the Filing Date for Sunbeam. No Distributions shall be made to holders of Sunbeam Reimbursement Claims on account of any other charges including, without limitation, Post-petition Interest, interest at default rates, prepayment premiums or penalties, special fees or finance charges payable only upon default, monies due under rate or currency protection devices and attorneys' and consultants' fees and any expenses that are reimbursable pursuant to an agreement or contract governing such reimbursement.

(b) The Debtors and holders of Claims in Class 5.SB.7 have agreed to a settlement (the "Structured Settlement") which will satisfy all of the claims of such holders. The Cash Plan adopts this Structured Settlement, as modified in the Cash Plan.

The Structured Settlement provides as follows:

1. Holders of Claims in Class 5.SB.7 shall be paid an amount in cash on the Effective Date equal to (i) principal amounts owed to the holders of such claims, (ii) interest accrued on such principal amount through and including February 19, 1988, calculated at the contract rate without giving effect to any default, penalty, premium or similar increase in rates, and (iii) any fees, such as commitment, facility or similar fees chargeable in the ordinary course and in the absence of default to the extent that such amounts are attributable entirely to a period prior to the Filing Date; provided that in all cases clauses (ii) and (iii) shall exclude interest and all charges, fees or levies of any kind arising or attributable to any time on or after the Filing Date.

2. In addition, all Class 5.SB.7 claims not described in the previous paragraph shall be settled and discharged by the distribution to holders of such claims of \$23.75 million in cash on the Effective Date. On April 1, 1990, an additional \$900,000 shall be added to the \$23.75 million payable to the holders of Class 5.SB.7 Claims. Under the Cash Plan, beginning May 1, 1990 and continuing to accrue on the first day of each and every month following such date (but not to exceed five months) an additional \$1,000,000 per month shall be added to the \$24.65 million payable to the holders of Class 5.SB.7 Claims. Payment of these amounts may reduce the Debtors' Cash on Hand. The Cash Plan requires that Class 5.SB.7 (Sunbeam Institutional Unsecured Claims) be limited to the Claims listed on Exhibit B to the Cash Plan, and further prohibits transfer of the Sunbeam assets unless members of Class 5.SB.7

(Sunbeam Institutional Unsecured Claims) are paid in cash the amount of their Allowed Claims under section 6.1(a) of the Cash Plan plus all amounts due pursuant to section 6.1(b) of the Cash Plan simultaneously with such transfer.

The members of Class 5.SB.7 have compromised significant claims (of a type described in the previous paragraph) in consideration of the Cash Distribution contemplated by the Structured Settlement. Based on the various provisions of the contracts under which the members of Class 5.SB.7 assert claims, as of March 31, 1990, such holders will claim approximately \$34.54 million in the aggregate.

The Debtors have indicated that with respect to the Structured Settlement as proposed in the Debtors' Plan, the settlement appears to be a fair and equitable compromise which serves the best interests of the Sunbeam estate and all creditors, taking into account: that when the settlement was struck in August 1989, Prudential had already filed suit asserting its right to full payment of Post-petition charges based upon, *inter alia*, the solvency of the Sunbeam Estate; the complexity, expense and likely duration of the litigation; an objective estimate of the probability of ultimate success; and the risks associated with a loss on this issue. Proponent believes that the Institutional Structured Settlement as modified in the Cash Plan is also in the best interest of the Sunbeam Estate and all creditors.

That part of Prudential's Claim which is described in subparagraph (2) above, not including similar claims of the other members of Class 5.SB.7, exceeds the \$23.75 million Settlement amount. The size of Prudential's claims under subparagraph (2) are such that complex litigation would be pursued at length if necessary. Should Prudential prevail in such a litigation effort, all creditors of Sunbeam would have an adequate basis upon which to demand full satisfaction of all of their contractual Claims.

Throughout the reorganization process all creditors of the Debtors have looked and continue to look to the value of Sunbeam as a substantial source for any distribution. It is the value in the Sunbeam Estate which makes any recovery to certain of the creditor constituencies of the Debtors possible. At the same time, Sunbeam has remained in reorganization and its creditors have not received any distribution, while the reorganization efforts of the other Debtors have been attempted. The Structured Settlement as proposed in the Debtors' Plan reflects the judgment of the Debtors that Sunbeam creditors must be paid in full before creditors of another Debtor may benefit from Sunbeam's value. This has been reflected in every plan which has been proposed by the Debtors in these cases since the Filing Date. Sunbeam creditors have essentially been treated in the same manner since the first day of the case.

The Cash Plan substantially adopts the Structured Settlement. Proponent believes such settlement is in the best interest of creditors and the estate.

## **F. DISTRIBUTIONS TO IMPAIRED CLASSES OF CLAIMS**

The following classes of Claims will be impaired under the Cash Plan and holders of Allowed Claims in these classes have a right to vote their Claims. If the Cash Plan is confirmed on a consensual basis (that is, if all voting classes of Allegheny Claims vote to accept the Cash Plan and all other Debtor subsidiaries reorganize pursuant to the Cash Plan), holders of Allowed Claims will receive the distributions described below for each class, which distributions are described in summary form in Table B above. Distributions may also be affected or reduced by Administrative Compensation Claims for professional services accruing after July 2, 1990.

If the Purchase Price is decreased by reason of the Debtors paying or incurring any administrative expense for or relating to any lending commitments entered into by the Debtors subsequent to March 25, 1990 and prior to the Effective Date, any such decrease shall reduce the Distributions due Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1 and 5.CH.1 in proportion to each such class' Holdback Rate for Holdback I. As of April 25, 1990, the Debtor had paid \$450,000 in such fees and expenses. The approximate distributions set forth below assume the Post-petition Interest Settlement is accepted by all members

of Classes 5.AL.1, 5.SH.1 and 5.SB.1. This settlement reduces distributions to holders of claims in impaired classes, but also limits the size of Holdback I by reducing the size and amounts of Post-petition Interest claims against the various Estates.

## **Allegheny**

### **Class 2.AI.2**

Class 2.AI.2 (Allegheny Secured Bank Claims): Proponent estimates that after adjustments for the Post-petition Interest Settlement, the holders of Class 2.AI.2 (Allegheny Secured Bank Claims) will receive, in full satisfaction of their Class 2.AI.2 Claims, including fees and expenses, Distributions equal to \$55,000,000 (not subject to Holdback) plus approximately \$136,742,000 (subject to Holdback I and the Allegheny Holdback). In consideration for accepting the Banks' Distribution in full satisfaction of all such classes' Claims, the holders thereof shall also receive on or before the Effective Date, following judicial approval, a release, in the form attached as Exhibit C appended to the Cash Plan, of the lawsuit now pending at Adversary Proceeding No. 88-186 which will be settled, compromised and dismissed with prejudice and of the fraudulent conveyance action commenced by *praecipe* filed by the Official Committee of Unsecured Creditors at Docket No. GD88-7622 in the Court of Common Pleas of Allegheny County, Pennsylvania, which will be withdrawn with prejudice, all as provided and as specifically set forth in the release. A partnership of which Proponent is the general partner has purchased certain Bank Claims under terms which require Proponent to indemnify the sellers against any loss in connection with the Bank Litigation. As assignee of Bank Claims, confirmation of the Cash Plan will result in the compromise and settlement of the partnership's right to receive the full amount of Post-petition Interest at the contract rate and indemnification from Allegheny. Proponent also holds claims in Class 4.AI.2 which would be the beneficiary of a judgment entered against the Banks in the Bank Litigation.

In addition, RCV shall indemnify the Banks in accordance with the terms of Section 8.08 of the Credit Agreement, notwithstanding Section 502(e) of the Code, up to an amount not to exceed \$3 million, provided that the Banks shall be deemed to have complied with all notification requirements (written or otherwise) under such Section 8.08 in respect of (i) the lawsuit against the Banks captioned *Spear, Leeds & Kellogg v. Mellon Bank N.A. et al.*, pending in the United States District Court for the Western District of Pennsylvania, Civil Action No. 88-2587, (ii) the lawsuit against the Banks captioned *Aetna Life Insurance Company, et al. v. Mellon Bank, N.A., et al.*, pending the Court of Common Pleas of Allegheny County, Pennsylvania, Civil Action No. GD88-7459 and (iii) all other actions as may have been commenced against the Banks in connection with the Credit Agreement on or prior to the Effective Date by complaint, *praecipe* or otherwise and, provided further that RCV shall not be required to make any payment on this indemnity prior to September 10, 1990.

### **Class 4.AI.2**

Class 4.AI.2 (Allegheny Senior Unsecured Claims): Allowed Claim holders shall receive on account of their Allowed Claims in such class Distributions equal to \$3,152,000 (not subject to Holdback) plus approximately \$58,143,000 (after adjustment for the Post-petition Interest Settlement, but subject to Holdback I and the Allegheny Holdback). The Cash Plan provides for a reserve to be created for payment of claims for substantial contribution, and further provides that fees of indenture trustees as Paying Agents pursuant to the Cash Plan will be assumed by RCV. Any fees beyond this asserted by an indenture trustee may reduce recoveries to the bondholders which that indenture trustee represents.

### **Class 5.AI.1**

Class 5.AI.1 (Allegheny General Unsecured Claims): Allowed Claim holders shall receive on account of their Allowed Claims Distributions equal to \$22,258,000 (after adjustment for the Post-petition Interest Settlement, but subject to Holdback I and the Allegheny Holdback).

### **Class 7.AI.1**

Class 7.AI.1 (Allegheny Subordinated Debenture Claims): Allowed Claim holders shall receive on account of their Allowed Claims distributions equal to \$46,263,000 (after adjustment for the Post-petition Interest Settlement, but subject to Holdback I and the Allegheny Holdback). Distributions to this class may be further subject to the OID Escrow. See "The Plan—Means for Execution—Resolution of the OID Escrow."

### **Chemetron**

Class 5.CH.1 (Chemetron General Unsecured Claims): Allowed Claim holders shall receive on account of their Allowed Claims in such class Distributions equal to \$1,598,000 (not subject to Holdback), plus \$29,501,000 (after adjustment for the Post-petition Interest Settlement, but subject to Holdback I and the Chemetron Holdback).

## **G. DISTRIBUTIONS TO IMPAIRED CLASSES OF INTERESTS**

### **Allegheny**

Classes 8.AI.1 (Allegheny Preference Stock Interests), 8.AI.2 (Allegheny Preferred Stock Interests), and 9.AI.1 (Allegheny Common Stock Interests) will be impaired under the Cash Plan. The Purchase Price to be paid by RCV and O/S J.V. has been increased by \$5,292,000. Payment of the total amount of the new Purchase Price is conditioned upon acceptance of the Cash Plan by Class 7.AI.1 (Allegheny Subordinated Debenture Claims) and by the three classes of equity interests. If the Cash Plan is confirmed on a consensual basis with respect to Allegheny creditors, holders of Allowed Interests are to receive the distributions set forth below.

If the Cash Plan were amended to permit it to be confirmed on a cramdown basis under section 1129(b) of the Bankruptcy Code, over the objection of Class 7.AI.1 (Allegheny Subordinated Debenture Claims), Proponent believes that holders of Allowed Interests would be unlikely to receive any Distributions. This opinion is based on Proponent's good faith belief that the aggregate claims of the various classes of Allegheny creditors will exceed the court-determined reorganization value of the Debtors. If the Cash Plan is approved by classes of Impaired Claims (Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1 and 5.CH.1) and Class 8.AI.1 (Allegheny Preference Stock Interests) does not accept the Cash Plan, Proponent will seek to confirm the Cash Plan notwithstanding the failure of that class to accept, and the Purchase Price will be reduced by the amount allocated for distribution to Preference Stock Interests, Preferred Stock Interests and Common Stock Interests, \$8,169,000 in the aggregate. Likewise, if the Cash Plan is approved by classes of Impaired Claims and by the Preference Stock Interests, and Class 8.AI.2 (Allegheny Preferred Stock Interests) does not accept the Cash Plan, Proponent will seek to confirm notwithstanding the failure of that class to accept, and will reduce the Purchase Price by the amount allocated for distribution to the Preferred Stock Interests and Common Stock Interests, \$5,045,000 in the aggregate. Finally, Proponent reserves the right to seek confirmation notwithstanding the failure of Class 9.AI.1 (Allegheny Common Stock Interests) to accept. This would reduce the Purchase Price by \$1,194,000. If Class 7.AI.1 (Allegheny Subordinated Debenture Claims) or Class 8.AI.1 (Allegheny Preference Stock Interests) does not accept the Plan, the reductions in the Purchase Price for distributions that otherwise would have been made to Interest holders may decrease the new purchase price below the amount of the purchase price prior to the \$5,292,000 increase.

### **Class 8.AI.1**

Class 8.AI.1 (Allegheny Preference Stock Interests): Upon the surrender of its shares of Allegheny Preference Stock each holder of Class 8.AI.1 Allegheny Preference Stock will be entitled to receive \$1.11 per share of Allegheny Preference Stock.



### **Class 8.AI.2**

Class 8.AI.2 (Allegheny Preferred Stock Interests): Upon the surrender of its shares of Allegheny Preferred Stock each holder of Class 8.AI.2 Allegheny Preferred Stock will be entitled to receive \$2.02 per share of Allegheny Preferred Stock.

### **Class 9.AI.1**

Class 9.AI.1 (Allegheny Common Stock Interests): Upon the surrender of its shares of Allegheny Common Stock each holder of Class 9.AI.1 Allegheny Common Stock will be entitled to receive \$0.11 per share of Allegheny Common Stock. Proponent reserves the right to increase the purchase price and the amount distributable to Class 9.AI.1 at any time prior to confirmation of the Cash Plan, so long as such increase does not materially modify the Cash Plan.

All preferred stock purchase rights and stock option and stock appreciation rights of Allegheny and any and all other rights to Allegheny Common Stock outstanding as of the Effective Date shall be cancelled as of the Effective Date.

## **H. MEANS FOR EXECUTION OF THE PLAN**

### **1. Distribution Trust**

Assuming acceptance of the Cash Plan by Classes 7.AI.1, 8.AI.1, 8.AI.2 and 9.AI.1, on the Effective Date Proponent will cause \$605,774,000 (plus or minus the dollar amount of Cash Adjustments as defined in section 1.34 of the Cash Plan) to be transferred to the Distribution Trust. All Distributions to be made under this Cash Plan, including payments necessary to cure defaults under Reinstated Claims, shall be made by the Distribution Trustee out of the Distribution Trust Assets. Initial Distributions will be made on the Effective Date. The balance of the funds in the Distribution Trust after initial Distributions shall be allocated to the Holdback I, the Allegheny Holdback, the Chemetron Holdback and the OID Escrow.

Proponent will designate a Distribution Trustee prior to the Confirmation Date. The Disputed Claims Committees formed to approve settlement of Disputed Claims may select, subject to Court approval, a Successor Distribution Trustee at any time subsequent to 10 days after the Effective Date.

In accordance with the provisions of the Distribution Trust Agreement, the Distribution Trust Assets will be held, managed and administered by the Distribution Trustee solely for the purpose of carrying out the provisions of the Cash Plan. The Distribution Trustee will invest the Distribution Trust Assets in investments described in section 345 of the Code. Earnings on such investments will first be applied to reimburse the expenses incurred in connection with the maintenance of the Distribution Trust and then to the expenses of the Distribution Trustee and the Disputed Claims Committees in connection with the resolution of Disputed Claims. If costs of the Distribution Trust and the Disputed Claims Committees exceed the income from the Distribution Trust, amounts available for distribution to impaired classes of claims from the Allegheny Holdback and Chemetron Holdback will be adversely affected. Proponent expects the earnings to be sufficient to cover this amount. Earnings in excess of such expenses shall be transferred to the Allegheny Holdback and the Chemetron Holdback.

Neither RCV, NMGM, SAHL, O/S J.V., the Debtors, any Subsidiaries or Affiliates of the Debtors, nor Japonica, shall after completion of the Asset Purchase have any claim against or any lien, encumbrance or charge on the Distribution Trust Assets as a result of any of the Reinstated Claims, except rights arising in respect of indemnities by RCV or O/S J.V. in favor of the Distribution Trust, or counterclaims against the Distribution Trust in respect of any action or claim asserted by the Distribution Trust against RCV, NMGM, SAHL, O/S J.V., the Debtors, or the Debtors' Subsidiaries and Affiliates.

RCV, O/S J.V. and their affiliates will cooperate in making information available as may be necessary to assist the Distribution Trustee in resolving Disputed Claims.

## **2. Unclaimed Property**

(a) Unclaimed Property shall be deposited by the Distribution Trustee in a segregated account where it shall be held in trust for the benefit of the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests entitled thereto under the terms of the Cash Plan. For a period of five (5) years following the Effective Date, Unclaimed Property (i) shall be held in such segregated account solely for the benefit of the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests which have failed to claim such property, and (ii) shall be released from such segregated account and delivered, without interest, to the holder of an Allowed Secured Claim, an Allowed Claim or Allowed Interest upon presentation of proper proof by such holder of its entitlement thereto.

(b) At the end of five (5) years following the Effective Date, the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests theretofore entitled to Unclaimed Property shall cease to be entitled thereto, and the Unclaimed Property shall be applied first to cover the costs and expenses of the Distribution Trustee and the Disputed Claims Committees, and thereafter be distributed to the Allegheny Holdback or the Chemetron Holdback, as appropriate.

(c) All Cash held in each such segregated account shall be invested in such investments as described in section 345 of the Bankruptcy Code. The earnings on such investments shall be applied first to cover the costs and expenses of the Distribution Trustee and the Disputed Claims Committees, and thereafter to be distributed to the Allegheny Holdback.

## **3. Distribution Scheme**

### *(a) Distributions—Mechanics*

#### *(i) Estimation of Unliquidated and Contingent Claims*

The Proponent will request the Court to estimate the amount of disputed, unliquidated and contingent claims for each of the classes of Claims for the purposes of calculating Holdbacks, pursuant to section 502(c) of the Code. Upon approval of this Disclosure Statement by the Bankruptcy Court, Proponent will seek to require the Debtors to turn over a complete list of all unliquidated and contingent claims filed. Following receipt of that information, Proponent will proceed to file a motion requesting the Court to estimate the maximum amount that may be allowed for each such claim. Proponent estimates that this process may take 5 to 6 weeks to complete, but should be complete prior to the hearing on confirmation of the Cash Plan. Claims for Post-petition Interest will either be settled pursuant to the terms of the Plan or will be estimated through the procedure for submitting Post-petition Interest Declarations.

#### *(ii) Unimpaired Classes—Initial Distributions; Disputed Claims Distributions*

On the Effective Date, the Distribution Trustee (subject to the lien rights any trustee or agent may have under any applicable indenture) will deliver the Distributions due the holders of Allowed Claims in Classes 2.Cl.1, 5.AL.1, 5.SH.1, 5.SB.1, 5.SB.3 (if not Reinstated), 5.AP.1, 5.IS.1, 5.IN.1, 5.Cl.1, 5.EL.1, 5.WS.1, 5.US.1, and 5.EX.1, to the holders of Allowed Claims or Allowed Secured Claims in those Classes as of the Record Date where applicable. Distributions due the holders of Allowed Claims in Class 5.SB.7 shall be made on the Effective Date to such holders as provided in Section 6.1 of the Cash Plan. Distributions due holders of Allowed Claims in Class 5.SB.8 shall be made on the Effective Date to Mellon Bank as Disbursing Agent. Distributions due Class 5.SB.3, if any, shall be made through the indenture trustee as Paying Agent. Distributions required to cure any defaults on Reinstated Claims shall also be made on the Effective Date.

With respect to claims which are Disputed Claims as of the Effective Date or claims for Post-petition Interest in the classes listed above, at such time as a Disputed Claim becomes an Allowed Claim or a Final Order directs the payment of a claim for Post-petition Interest, the Distribution due the holder of such claim (without any post-Effective Date interest which would otherwise have accrued thereon unless allowed by Final Order) will be paid by the Distribution Trustee from Holdback Account I as soon as practicable after such claim becomes an Allowed Claim or a Final Order directing the payment of a claim for Post-petition Interest is entered, as the case may be.

*(iii) Resolution of Claims for Post-petition Interest*

Each holder of a Claim in Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims), 5.5H.1 (Holdings General Unsecured Claims), 5.SB.1 (Sunbeam General Unsecured Claims), or 5.SB.3 (Reinstated Sunbeam Debentures) (if not Reinstated) that desires to assert a Claim for Post-petition Interest must file either (i) an acceptance of the Post-petition Interest Settlement, or (ii) a Post-petition Interest Declaration; with the clerk of the Court or with Allegheny as agent for the clerk, and serve a copy on proponent's counsel, prior to commencement of the hearing on Confirmation of the Cash Plan, or be forever barred from claiming or receiving any Post-petition Interest. No holder of a claim in any such class who fails to timely file an acceptance of the Post-petition Interest Settlement or a Post-petition Interest Declaration shall be entitled to receive any Post-petition Interest. Holders who have already filed a Post-petition Interest Declaration in connection with the Debtors' Plan need not file another. However, any Post-petition Interest Declaration or acceptance of the Post-petition Interest Settlement must be filed on or before June 21, 1990.

The Cash Plan provides holders of Allowed Claims in Classes 5.AL.1, 5.SH.1, 5.SB.1 or 5.SB.3 (in the event such Claims are not Reinstated) an opportunity to settle their Claims for Post-petition Interest by accepting in full satisfaction of any such claims, cash equal to 106% of the amount of their Allowed Claim. This amount represents Post-petition Interest at Pennsylvania's statutory rate of 6.0% for one year.

The timely filing of a Post-petition Interest Declaration by a holder of a claim in Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims), 5.SH.1 (Holdings General Unsecured Claims), 5.SB.1 (Sunbeam General Unsecured Claims) or 5.SB.3 (Reinstated Sunbeam Debentures) (if not Reinstated) preserves the right of such holder to seek an order of the Court directing Almet/Lawnlite, Holdings or Sunbeam, as the case may be, to pay Post-petition Interest to such holder in accordance with the Post-petition Interest Declaration. The indenture trustee for Class 5.SB.3 has indicated that if such class is not Reinstated, the indenture trustee intends to file a Post-petition Interest Declaration, and seek recovery of Post-petition Interest on behalf of its debenture holders. If a holder of a Claim in Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims), 5.SH.1 (Holdings General Unsecured Reinstated Claims), 5.SB.1 (Sunbeam General Unsecured Claims) or 5.SB.3 (Sunbeam Debenture Claims) that has timely filed a Post-petition Interest Declaration succeeds in obtaining a Final Order directing payment of Post-petition Interest to such holder, the Distribution Trustee shall pay from Holdback Account I to such holder cash equal to the amount of the Allowed Post-petition Interest specified in such Final Order.

*(iv) Impaired Classes—Initial Distributions; Disputed Claims Distributions; Interim Distributions*

On the Effective Date, the Distribution Trustee shall deliver (subject to the lien rights any trustee or agent may have under any applicable indenture) the Distributions not subject to Holdback to Classes 2.AI.2, 4.AI.2, and 5.CH.1, as well as the funds available for distributions after Holdbacks to Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1 and 5.CH.1, Pro Rata to holders of Allowed Claims in each Class, or to a Paying Agent for any of such Classes, as appropriate. The Indenture Trustee shall be the Paying Agent for Class 7.AI.1. RCV will pay the costs of the Paying Agents in making Distributions pursuant to this Cash Plan. With respect to claims which are Disputed Claims as of the Effective Date, at such time as a Disputed Claim becomes an Allowed Claim, the Distributions due the holder of such Claim will be paid

by the Distribution Trustee from the Allegheny Holdback, or the Chemetron Holdback as appropriate after such claim becomes an Allowed Claim.

Quarterly, or sooner if the Distribution Trustee determines that sufficient excess funds exist to permit an interim distribution, the Distribution Trustee shall recompute the amount necessary to fully fund Holdback I, the Allegheny Holdback and the Chemetron Holdback. The Distribution Trustee shall distribute any excess, from Holdback Account I to the Allegheny and Chemetron Holdbacks in proportion to the rate in which the affected Classes share in Holdback I. Any excess in the Allegheny Holdback shall be made available for interim distribution to classes subject to that Holdback when the aggregate amount of any such additional Distributions is at least \$5 million. Excess amounts in the Chemetron Holdback shall be made available for interim distribution to Creditors in Class 5.CH.1 when the aggregate amount of any such additional distributions is at least \$500,000. Final distribution will be made at a time determined by the Distribution Trustee or the Court.

Holdbacks shall be apportioned among the subject classes, in accordance with their Holdback Rate which is equal to a fraction where the numerator is equal to the number of Holdback Shares for that class and the denominator is the Total Holdback Shares for all classes subject to that Holdback. Distributions from Holdback Account I shall be apportioned between Allegheny and Chemetron Holdbacks in proportion to the rate in which the affected classes share in Holdback I. Distributions from the Allegheny Holdback shall be made to each class of claims in proportion to its Holdback Rate for that Holdback. Within each class, creditors shall receive their Pro Rata portion of such Distributions.

*(v) Distributions to Equity Holders*

If the Cash Plan is accepted by Classes 7.AI.1, 8.AI.2 and 9.AI.1, \$8,169,000 will be distributed on the Effective Date to Holders of Allowed Interests in Classes 8.AI.1, 8.AI.2, and 9.AI.1 as follows: \$1.11 in cash per share of Allegheny Preferred Stock (Class 8.AI.1), \$2.01 in cash per share of Allegheny Preferred Stock (Class 8.AI.2) and \$0.11 in cash per share of Allegheny Common Stock (Class 9.AI.1). All preferred stock purchase rights, stock options and stock appreciation rights of Allegheny and any and all other rights to Allegheny Common Stock outstanding as of the Effective Date shall be cancelled as of the Effective Date. If the Cash Plan is not accepted by Class 7.AI.1 or by Class 8.AI.1, no distribution shall be made to Classes 8.AI.1, 8.AI.2, and 9.AI.1. In such event, such classes shall be deemed to reject the Cash Plan. If the Cash Plan is accepted by Classes 7.AI.1 and 8.AI.1 and is not accepted by Class 8.AI.2, no distribution shall be made to Class 8.AI.2 or Class 9.AI.1 and such classes shall be deemed to have rejected the Plan. If the Cash Plan is accepted by Classes 7.AI.1, 8.AI.1 and 8.AI.2 and is not accepted by Class 9.AI.1, no distribution shall be made to such class and such class shall be deemed to have rejected the Cash Plan. No distribution shall be made in respect of Allowed Interests until the holders of such interests have surrendered their securities or shall have otherwise satisfied the terms and conditions of distributions.

*(vi) Resolution of OID Escrow and Proposed Settlement of OID Dispute*

A dispute exists over the amount of the claim of the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002. Allegheny has objected to approximately \$13.5 million claimed by such holders, as constituting unmatured interest (original issue discount). The tables which include estimates as to the amount of Allowed Claims estimate this claim in the amount of \$29,468,000 which reflects the claim amount as allowed by the Bankruptcy Court. The matter has been appealed and the final allowed amount could be increased by up to \$9.7 million or decreased by as much as \$3.8 million. See "The Company—Certain Legal Issues—OID Litigation."

Until the Bankruptcy Court or another court of competent jurisdiction issues an order which becomes a Final Order with respect to the Allowed Claims of the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002 of Allegheny, there shall be withheld ratably from any distributions to the holders of Allowed Claims in Class 7.AI.1 (Allegheny Subordinated Debenture Claims) an amount

equal to the Distribution to be made to holders of Allowed Class 7.AI.1 Claims multiplied by 1.00 minus a fraction, the numerator of which is equal to the total amount of Allowed Claims in Class 7.AI.1 and the denominator of which is equal to the total amount of Allowed Claims plus the total amount of Disputed Claims in Class 7.AI.1 as of the Effective Date. The Distribution Trustee shall hold the OID Escrow and distribute to the holders of Allowed Claims in Class 7.AI.1 such portion of the OID Escrow as determined by agreement or Final Order.

The holders of Class 7.AI.1 (Allegheny Subordinated Debenture Claims) shall be offered the opportunity to resolve the foregoing dispute by accepting the resolution thereof ordered by the Court in Motion No. 88-734111 (the "Bankruptcy Court OID Order"), which order is presently on appeal (the "Appeal") to the United States District Court for the Western District of Pennsylvania at No. 89-1781. In the event that (i) the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002 of Allegheny approve this resolution by a separately tallied vote consistent with the acceptance requirements of section 1126(c) of the Bankruptcy Code and (ii) the holders of the 9% Subordinated Sinking Fund Debentures due 1989 and of the 10<sup>3</sup>/<sub>4</sub>% Subordinated Sinking Fund Debentures due 1999 voting together approve this resolution by a separately tallied vote consistent with the acceptance requirements of section 1126(c) of the Bankruptcy Code, then the Bankruptcy Court shall include as part of its Confirmation Order an order directing the parties to the Appeal to withdraw their respective appeals to permit the Bankruptcy Court OID Order to become a Final Order. If the Bankruptcy Court OID Order becomes a Final Order on or before the Effective Date, the Distribution Trustee shall distribute on the Effective Date the Distribution to Class 7.AI.1 (Allegheny Subordinated Debenture Claims) described in Section 5.5(d) of the Cash Plan without any withholding for the OID Escrow. If, however, the Bankruptcy Court OID Order does not become a Final Order on or before the Effective Date as a result of the mechanism outlined in Section 7.18 of the Cash Plan, the Distribution to Class 7.AI.1 (Allegheny Subordinated Debenture Claims) shall be made subject to the OID Escrow.

If the OID Dispute were to be resolved pursuant to the Proposed OID Settlement, then the 10.4% Debentures would be allowed a principal claim of approximately \$29.5 million, distributions would be made in accordance therewith, and there would be no withholding of Distributions to Class 7.AI.1 other than through Holdback I and the Allegheny Holdback. If the OID Dispute is not resolved pursuant to the Proposed OID Settlement and is ultimately determined or settled for more than \$29.5 million, the holders of 10.4% Debentures would ultimately receive a larger portion of the distribution to be made to Class 7.AI.1 and the holders of the other debenture issues a correspondingly smaller portion of the distribution to be made to Class 7.AI.1 than that which would be received under the Proposed OID Settlement. If the OID Dispute is not resolved pursuant to the Proposed OID Settlement and is ultimately determined or settled for less than \$29.5 million, the holders of 10.4% Debentures would ultimately receive a lesser portion of the distribution to be made to Class 7.AI.1 and the holders of the other debenture issues a correspondingly large portion of the distribution to be made to Class 7.AI.1 than that which would be received under the Proposed OID Settlement. The following table illustrates the approximate allocation of distributions to Class 7.AI.1 which would be made to debenture holders if the OID Dispute were resolved pursuant to the provisions of the Cash Plan (a claim amount of \$29.5 million), if the OID Dispute were later resolved at the claim amount asserted on behalf of the 10.4% Debenture Holders (\$39.2 million), or if the OID Dispute were later resolved at the claim amount asserted by Allegheny (\$25.7 million).

**Approximate Distributions to Debenture Holders (in thousands)**

	10.4% Debenture Holders	10 <sup>3</sup> / <sub>4</sub> % Debenture Holders	9% Debenture Holders	Total
10.4% Debenture Claim Resolved at \$29.5 Million . .	\$12,236	28,975	5,052	\$46,263
10.4% Debenture Claim Resolved at \$39.2 Million . .	\$4,961	26,657	4,645	\$46,263
10.4% Debenture Claim Resolved at \$25.7 Million . .	\$1,038	29,997	5,228	\$46,263

These numbers are an estimation of the size of the OID Escrow based on the numerical definition of the Escrow included in the Debtors' Plan. Several bondholders have suggested that the Debtors' number results in an escrow that is too large. The formula used in the Cash Plan will permit the appropriate escrow to be determined at Confirmation. The Indenture Trustee advises that it is preserving its right to challenge the OID Escrow at Confirmation.

The OID Dispute involves complex legal issues. The dispute could be resolved for an amount different from any of the above amounts which are for illustrative purposes only. There can be no assurance with regard to the time by which a final judicial resolution of the OID Dispute would occur and, therefore, when funds held in the OID Escrow would be distributed. The Bankruptcy Court's ruling on the OID Dispute which discusses the various legal issues is published at 10 Bankruptcy Reporter 247, or copies may be obtained from Quik Print, 4 Gateway Center, Pittsburgh, Pennsylvania 15222, (412) 456-1084 at the expense of the requesting party. In addition, on January 10, 1990, the United States Bankruptcy Court for the Southern District of New York entered a Memorandum Decision dated January 10, 1990 (the "LTV Memorandum Decision") in the reorganization proceedings of The LTV Corporation (Case Nos. 86B11270 through 86B11334, 86B11402 and 86B11464) regarding an original issue discount dispute in that chapter 11 case (which certain parties to this dispute believe is factually different from this dispute) in which that court expresses views on certain legal issues which may differ from those expressed by the Bankruptcy Court regarding the original issue discount on the 10.4% Debentures. Copies of the LTV Memorandum Decision may also be obtained from Quik Print at the above address at the expense of the requesting party.

Debenture holders should consult with their own counsel regarding the complex issues concerning the OID Dispute and whether to approve the Proposed OID Settlement. The Debtors' Disclosure Statement indicates that the Debtors included the Proposed OID Settlement at the amount determined by the Bankruptcy Court because it had used that amount in its estimates of Allowed Claims; and further states that the Debtors are not making any recommendation to Debenture holders with respect to resolution of the OID Dispute.

If the OID Dispute is not resolved, the Court will be requested to appoint a legal representative to prosecute Allegheny's objection to the claim of the 10.4% Debentures. If the OID Dispute is not resolved, it is not clear whether post-reorganization, the trustee for the 10.4% Debentures or a court appointed successor will prosecute the claim. The trustee has questioned whether it is authorized, empowered and/or obligated to pursue this claim and has stated that a mechanism should be set forth to prosecute this dispute, including the appointment of a class representative. The Debtors' Disclosure Statement states that in Allegheny's view, a holder or holders of the 10.4% Debentures could petition the Bankruptcy Court to prosecute the claim although it is uncertain who would bear the expense of continued prosecution. The Cash Plan proposes that the Court appoint a representative, with the costs to be paid through income on the OID Escrow, and then from the Escrow itself.

Proponent has tendered for all subordinated debentures in Class 7.A1.1. See "The Purchase Transaction—The Plan Proponent—Tender Offer." Proponent intends to vote the 10.75% Subordinated Debentures it currently holds, plus any additional debentures it receives as a result of the tender, in favor of settlement of the OID Litigation.

#### **4. Filing of Binding Compensation Estimates**

Any person or entity requesting compensation or expense reimbursement pursuant to Code sections 327, 328, 330, 503(b)(2)-(6) or 1103 ("Professionals") must file a Binding Compensation Estimate of the maximum amount of all compensation to be requested in the Reorganization Cases for the period through 90 days after entry of the Confirmation Order, including claims for substantial contribution, with the Clerk of the Court, or with Allegheny as agent for the Clerk (with a copy to the

Proponent), prior to the hearing on Confirmation or be forever barred from requesting or receiving any such compensation or expense reimbursement. No Administrative Compensation Claim shall be allowed or paid in excess of the Binding Compensation Estimate. In the event that the Cash Plan is not consummated within 90 days of the Confirmation Date, Professionals who have previously timely filed Binding Compensation Estimates may supplement their Estimates every 30 days thereafter giving due effect to crediting against further Estimates the excess of prior Estimates over actual charges incurred for prior periods.

The Distributions provided in this Plan are conditioned on unpaid Administrative and Priority Claims not exceeding \$15,018,000 plus a reserve established by the Court in respect of Professional Fees determined on the basis of a Lodestar Amount not included in prior applications for interim compensation. To the extent that claims for compensation that exceed the Lodestar Amount are allowed to professional persons representing an impaired class of claims the amount awarded in excess of the Lodestar Amount shall be funded from the class of creditors which the professional seeking the extraordinary compensation represents. All other professional fees and claims for substantial contribution allowed by the Court will be paid from the reserve established pursuant to 7.10 of the Cash Plan.

An escrow account at Pittsburgh National Bank shall be established for the benefit of professional persons seeking compensation from the Estates and, on the Effective Date, the amount determined by the Court as the reserve for Professional Fees shall be transferred to the escrow account. The reserve created shall not exceed \$15,018,000 plus the amount of Binding Compensation Estimates. Allowed Professional Fees shall be paid from the PNB Escrow Account upon entry of a Final Order authorizing such payment. The reserve for unpaid Professional Fees incurred through and including July 2, 1990, to the extent that such reserve exceeds \$15,018,000, will be funded by RCV. Currently it is expected that the reserve will exceed that amount. The reserve required to fund Professional Fees incurred after that date will reduce the recovery to impaired classes of claims in proportion to their Holdback Rate for Holdback I. RCV reserves the right to increase the Purchase Price to fund Professional Fees incurred after July 2, 1990. Any amount remaining in the PNB Escrow Account in excess of the total amount of Professional Fees allowed by the Court, shall be paid first to the Distribution Trust to the extent that such reserve was funded from a reduction in the recoveries to impaired classes of claims, with any balance to be paid to RCV. Funds held in the PNB Escrow Account may be invested pursuant to section 345 of the Bankruptcy Code.

##### **5. Special Provisions Relating to Distributions to Holders of Public Subordinated Debt and Other Public Debt.**

For purposes of Distribution the transfer ledger for the Public Subordinated Debt and Other Public Debt will be closed as of the close of business on the Effective Date. The Distribution Trustee and the respective indenture trustees or agents will have no obligation to recognize any transfer of Public Subordinated Debt and Other Public Debt occurring after the Record Date. The Distribution Trustee and the respective indenture trustees or agents will be entitled instead to recognize and deal for all purposes herein with only those holders of record stated on the transfer ledger maintained by the trustees or agents for the Public Subordinated Debt and Other Public Debt as of the close of business on the Record Date.

Any Distributions to which the holders of the Public Subordinated Debt and Other Public Debt are entitled shall be made to a Paying Agent (which may be the respective trustees or agents under the Public Subordinated Debt and Other Public Debt trust indentures or agreements, provided said trustees or agents consent to act in such a capacity) for the benefit of the holders of the Public Subordinated Debt and Other Public Debt. RCV will assume the Paying Agent Fees for services rendered in connection with the Cash Plan.

If the Court does not approve the payment by the Estate of compensation and expense reimbursement claims (including fees and expenses of counsel) made by the Indenture Trustee under the Public Subordinated Debt Trust Indentures, the Indenture Trustee has advised that it intends to withhold a portion of the Distribution it receives on behalf of holders of Public Subordinated Debt under the Plan until its compensation and expense reimbursement claims are satisfied in full, pursuant to a lien for this purpose granted to the Indenture Trustee under Section 607 of the Public Subordinated Debt Trust Indentures. The Other Public Debt trustees or agents may take similar appropriate action. Consequently, amounts actually received by holders of the Public Subordinated Debt and Other Public Debt may be less than the gross Distributions provided for under the Plan by the amount of Distributions applied by the trustees or agents to their compensation and expense reimbursement claims.

No holder of Public Subordinated Debt or Other Public Debt shall be entitled to receive any Distribution from any Paying Agent respecting such Claim unless and until such holder shall have first either (i) surrendered or caused to be surrendered to such Paying Agent the original debentures held by it, or (ii) in the event that such holder is unable to surrender his original debenture because same has been lost, destroyed, stolen, or mutilated, (1) furnished such Paying Agent with an executed affidavit of loss and indemnity with respect thereto in form customarily utilized for such purposes that is reasonably satisfactory to such Paying Agent and to the Distribution Trustee and (2) provided to such Paying Agent a bond in such amount and form as such Paying Agent and the Distribution Trustee shall direct, sufficient to indemnify such Paying Agent, the Indenture Trustee and the Distribution Trustee against any Claim that may be made against such Paying Agent, the Indenture Trustee or the Distribution Trustee on account of the alleged loss, theft or distribution of any such certificate or the distribution of property hereunder. The method and procedure to be followed for surrendering debenture certificates and for providing affidavits and bonds shall be prescribed by the Distribution Trustee upon reasonable notice to holders of the Public Subordinated Debt and Other Public Debt.

Promptly upon surrender of such instruments, such Paying Agent shall cancel such debentures and deliver such cancelled debentures to the Distribution Trustee or otherwise dispose of such debentures in such manner as the Distribution Trustee may request. In accordance with section 1143 of the Code, in the event a holder of Public Subordinated Debt or Other Public Debt fails to surrender its debenture certificate(s) or provide an affidavit and adequate bond on or before the fifth anniversary of the Confirmation Date, such holder shall be conclusively deemed to have forfeited its Distribution under the Plan, and all such property not claimed by such holder shall be paid to the Distribution Trustee and placed in the Allegheny Holdback or the Chemetron Holdback, as the case may be. The Paying Agent(s) shall be compensated by RCV for services rendered from and after the Confirmation Date in effectuating the surrender and cancellation of debenture certificates and in effectuating the Distribution contemplated by the Plan to the holders of the Public Subordinated Debt and Other Public Debt provided in the Plan, including the reasonable compensation, disbursements, and expenses of the agents and legal counsel of the trustees or agents, and shall be indemnified by the Purchaser for any loss, liability or expense incurred by it in connection with the performance of such duties to the same extent and in the same manner as provided in the applicable provisions of the Public Subordinated Debt and Other Public Debt trust indentures or agreements. The foregoing provisions also apply to Class 5.SB.3 in the event that such Class is not reinstated.

The Distributions to the Class 7.A1.1 (Allegheny Subordinated Debt Claims) shall not be subject to levy, garnishment, attachment or other legal process by any other claimant of another class by reason of any claimed contractual subordination rights. The Confirmation Order shall provide that claimants of other classes shall be permanently enjoined from enforcing or seeking to enforce any such rights with respect to such Distributions to the holders of the Public Subordinated Debt.

## **6. Termination of Indenture Trustee's Duties and Release of Trustee**

On the Effective Date, the Public Subordinated Debt Trust Indentures and Other Public Debt trust indentures and agreements will, except as provided in the Plan, be deemed cancelled, terminated and



of no further force or effect. Notwithstanding the foregoing, such cancellation of the Public Subordinated Debt Trust Indentures and Other Public Debt trust indentures and agreements shall not impair the rights of holders of the Public Subordinated Debt and Other Public Debt to receive Distributions on account of such Claims pursuant to the Plan, nor shall such cancellation impair the rights and duties under the Public Subordinated Debt Trust Indentures and Other Public Debt trust indentures and agreements as between the respective Indenture Trustees or agents, and the beneficiaries of the trust or arrangements created thereby, as set forth in the applicable provisions of Public Subordinated Debt Trust Indentures and Other Public Debt trust indentures or agreements, including, *inter alia*, the rights of the respective indenture trustee to enforce its lien.

Subsequent to the performance of the indenture trustees or agents required under the provisions of the Cash Plan and Confirmation Order and under the terms of the Public Subordinated Debt and Other Public Debt trust indentures and agreements, the indenture trustees and agents and their successors and assigns shall be relieved of all obligations associated with the Public Subordinated Debt and Other Public trust indentures and agreements.

The foregoing provisions shall also apply to Class 5.SB.3 in the event that such class is not reinstated, *provided, however*, that the indenture trustee for such class may file and pursue a Post-petition Interest Declaration on behalf of the Class.

#### **7. Distributions of Cash; Fractional Dollar Payments**

At the option of Proponent or the Distribution Trustee, any cash payment to be made pursuant to the Cash Plan may be made by a check or wire transfer or as otherwise required or provided in the applicable agreements.

Any other provision of the Cash Plan notwithstanding, the Distribution Trustee, in its sole discretion, may elect not to pay fractions of dollars to any holder of an Allowed Secured Claim, Allowed Claim or an Allowed Interest. Whenever any payment of a fraction of a dollar would otherwise be called for, if the Distribution Trustee so elects, the actual payment made may reflect a rounding of such fraction to the nearest whole dollar (up or down and up if equal to or greater than \$.50).

Whenever any payment to be made under the Cash Plan is due on a day other than a Business Day, such payment will instead be made, without interest, on the next Business Day.

#### **8. Surrender of Outstanding Securities**

All Outstanding Securities that are not Reinstated are cancelled under the Cash Plan as of the Effective Date. Confirmation discharges the right of the holders of such Outstanding Securities to make a claim against the assets of the Debtors. Such Outstanding Securities shall however continue to be evidence of the Claims. As a condition to receiving the Distributions provided for by the Plan, any holder of any such Outstanding Securities (other than Outstanding Securities held by holders of Claims in Class 5.SB.7) shall surrender such securities either to the Distribution Trustee or its agent. All such Outstanding Securities surrendered to the Distribution Trustee shall be marked as "cancelled."

#### **9. Disputed Payments**

If any dispute arises as to the identity of a holder of a claim or interest to receive any distribution to be made under the Cash Plan, the Distribution Trustee may, in lieu of making such distribution to such person, hold such payment or distribution until the disposition thereof shall be determined by order of the Bankruptcy Court or by written agreement among the interested parties to such dispute.

## **10. Withholding Taxes**

The Distribution Trustee may deduct any federal or state withholding taxes from any distributions made pursuant to the Cash Plan, as appropriate.

## **11. Plan Alternatives**

The Proponent reserves the right to amend the Cash Plan in the event that a class of holders of impaired claims or interests does not vote to accept the Cash Plan. If the Cash Plan is approved by each class of impaired claims against Allegheny and Chemetron, and any of Classes 8.A1.1, 8.A1.2 or 9.A1.1 fails to accept the Cash Plan, Proponent will seek to confirm the Cash Plan in accordance with section 1129(b) of the Code, and the non-accepting class together with any class or classes junior thereto shall not receive any distribution, and the Purchase Price will be reduced accordingly. *See* "The Plan—Means for Execution—Distributions to Impaired Classes of Interests." If the Cash Plan is not accepted by a class of impaired claims, Proponent reserves the right to seek Confirmation notwithstanding the failure of such a class to accept the Cash Plan. Proponent believes that Allowed Interests in Class 8.A1.1 (Allegheny Preference Stock Interests), Class 8.A1.2 (Allegheny Preferred Stock Interests) and Class 9.A1.1 (Allegheny Common Stock Interests) would not receive any Distributions if the Cash Plan were to be confirmed on a cramdown basis over the objection of any impaired class of Allegheny claimants.

If a class of impaired claims fails to accept, and the Plan cannot be confirmed without a material modification of the Plan, Proponent has not yet determined what action it would take, but reserves its rights to modify the plan in accordance with section 1127 of the Bankruptcy Code. Proponent has not determined what action it would take if an impaired class of claims against Chemetron voted to reject the Cash Plan. It is a condition to consummation of the Cash Plan that a Confirmation Order be entered with respect to each of the Debtors and not be subject to any stay.

## **12. Committee to Oversee Settlements of Disputed Claims**

A Disputed Claims Committee shall be formed consisting of two persons selected by the Official Committee of Unsecured Creditors to Allegheny International, Inc. to represent Senior Unsecured Claimants and Subordinated Unsecured Claimants, one person selected by Class 2.A1.2 (Allegheny Secured Bank Claims), and a representative of the Distribution Trust. After the Effective Date, the Disputed Claims Committee shall, subject to documents to be drafted by the committee that will govern the actions of the committee, approve all settlements of Disputed Claims and claims for Post-petition Interest made pursuant to timely filed Post-petition Interest Declarations. All reasonable fees, costs and expenses of the Disputed Claims Committee shall be paid from earnings on the Assets of the Distribution Trust. A committee shall also be formed for Chemetron, composed of one representative of the Class and the Distribution Trustee.

## **I. OTHER PROVISIONS OF THE CASH PLAN**

### **1. Executory Contracts and Unexpired Leases**

Pursuant to the Bankruptcy Code, Debtors have the right, subject to Bankruptcy Court approval, to reject, or assume and assign any executory contracts and unexpired leases entered into before they filed for reorganization. Any claim for damages resulting to the other party from a rejection is treated as an unsecured claim arising before the filing and included in the appropriate class to the extent the claim is allowed by the Bankruptcy Court. The Proponent does not currently have sufficient information available to identify the specific contracts it would reject, but is not currently aware of any executory contract which the Debtor is affirming that would be rejected by Proponent. To the extent that rejection of a contract that would otherwise be assumed by the Debtors creates a claim, Purchaser agrees to increase the purchase price in an amount necessary to fund distributions on such claim.

Proofs of claims arising from rejection of executory contracts pursuant to the Cash Plan must be filed with the Clerk of the Bankruptcy Court or with Japonica as agent for the Clerk prior to the thirtieth (30th) day after the mailing of the Notice of Confirmation or be forever barred. The Debtors in their Disclosure Statement state that they do not currently anticipate that any material claims will arise out of rejected executory contracts or unexpired leases which would materially increase estimated Allowed Claims.

## **2. Officer & Director Indemnification**

Prepetition claims by officers and directors for indemnification, which are contingent, may be disallowed pursuant to section 502(e) of the Bankruptcy Code and Proponent reserves the right to request the Court to disallow such Claims. Post-petition indemnification obligations are not subject to disallowance under Code section 502(e) and may be administrative expenses. To the extent that officers and directors are entitled to indemnification in respect of claims asserted against such officers and directors relating to actions by, or omissions of, such officers and directors subsequent to the Filing Date, RCV shall assume such obligations subject to the respective Debtors' defenses and right to assert counter-claims. The Debtors have maintained "claims made" liability insurance for their officers and directors since the Filing Date. Rights with respect to this insurance coverage shall be assigned to RCV in connection with RCV's purchase of the Allegheny Assets. To the extent that the Court creates a reserve for unliquidated officer and director indemnification claims of Allegheny's officers and directors, such reserve may increase the size of the Allegheny Holdback and thus reduce the amounts available in connection with the initial distribution.

## **3. Continuance of Retiree Benefits and Pensions: Other Reinstated Claims**

The obligations to pay medical and life insurance benefits to the non-union retirees from Oster Housewares and Sunbeam Appliance businesses will be Reinstated and assumed by O/S J.V. The obligations to pay medical and life insurance expenses for all other retirees of Debtors or their subsidiaries will be Reinstated and assumed by RCV and its subsidiary, SAHL, which will also be the sponsor and assume all of the Debtors' obligations with respect to their tax-qualified pension plans.

In addition, various other obligations of the Debtors will be Reinstated under the Cash Plan including Intercompany Claims, claims relating to current and divested operations, Industrial Development Revenue Bonds, insurance related claims and certain claims for reimbursement, contribution and indemnification for environmental cleanup at certain specified sites. All claims which are to be Reinstated are specifically set forth in the definition of Reinstated Claims in the Cash Plan. Japonica, however, believes that certain claims that the Debtors propose to reinstate may be subject to disallowance under section 502(e) of the Bankruptcy Code and reserves the right to file objections to such Claims.

## **J. CONDITIONS TO CONFIRMATION OF THE CASH PLAN**

The Cash Plan may not be confirmed unless each of the conditions set forth below has been satisfied.

(a) The Proponent shall have received commitments for the bank financing necessary to fund the Cash Plan. Funding of the Bank Commitments will be conditioned on the Bank Lenders receiving mortgages on and security interests in substantially all of SAHL's assets, and on the assets of SAHL's subsidiaries that guaranty SAHL's obligations to the Bank Lenders. Funding will also be subject to execution and delivery of loan documentation satisfactory to all parties which documentation will be consistent with the Lender Banks' Commitments. The Commitments will also be subject to the condition that SAHL's common equity will be at least \$125,000,000. The obligation to fund may also be subject to the condition that the Bank Lenders or the Agent or Co-

Agents, receive title insurance in favor of the Agent for Bank Lenders and the receipt of legal opinions concerning the perfection and enforceability of mortgage liens and security interests granted by SAHL and its subsidiaries.

(b) Cash on Hand as of the Confirmation Date shall not be less than \$100 million, or Proponent must advise the Court whether it will proceed to consummate the Plan notwithstanding the fact the Cash on Hand is less than that amount.

#### **K. CONDITIONS TO CONSUMMATION OF THE CASH PLAN**

The Cash Plan may not be consummated unless each of the conditions set forth below has been satisfied. Except as provided below, any one or more of the following conditions may be waived at any time by the Proponent:

(a) The Confirmation Order shall have been entered with respect to each of the Debtors and shall not be subject to any stay.

(b) Between Confirmation and Consummation of the Plan, there is no material deterioration in the level of Cash on Hand and current assets. For this purpose, proceeds of the sale of assets out of the ordinary course of business from the Confirmation Date to the consummation date shall not increase the Cash on Hand.

(c) There shall have been entered a Final Order approving the settlement of the dispute regarding the claim of Liberty Mutual, pursuant to the terms of which Liberty Mutual will acknowledge its obligation to provide product liability coverage for years prior to 1988, under terms and conditions previously negotiated by representatives of Liberty Mutual and the Debtors.

(d) The Institutional Structured Settlement shall be effective in accordance with sections 6.1 and 6.2 of the Cash Plan.

(e) The Court shall have estimated the amounts necessary to fund Holdback I and the Allegheny and Chemetron Holdbacks, and 10 days shall have passed since the entry of such Order and no stay shall have been obtained with respect thereto.

#### **L. EFFECT OF CONFIRMATION**

Allegheny's transfer of all of its assets, which is to occur on the Effective Date shall be free and clear of any and all liens, encumbrances, claims and interests of Allegheny's creditors and shareholders, except the obligations assumed and liens or encumbrances relating to those obligations, as described in section 7.1 of the Cash Plan, and claims relating to executory contracts assumed by RCV or O/S J.V.

The confirmation of the Cash Plan with respect to Sunbeam Corporation, Sunbeam Holdings, Inc., Almet/Lawnlite, Inc., Chemetron Corporation, Integrated Specialties, Inc., Allegheny International (USA), Inc., AL-Industrial Products, Inc., Allegheny International Exercise Co., Woodshaft, Inc., Chemetron Investment, Inc., Infoswitch, Inc. and Eliskim, Inc. will discharge each such Debtor from any debt that arose before the date of confirmation of the Cash Plan except to the extent that such debt is assumed pursuant to the terms of the Cash Plan. Holders of claims against such Debtors which are not reinstated or assumed pursuant to the Cash Plan will have recourse pursuant to the terms of the Cash Plan solely to the Distribution Trust and the Holdback I, the Allegheny Holdback, the Chemetron Holdback, the OID Escrow, and the Unclaimed Property Fund or the PNB Escrow Account for Administrative Compensation Claims.

All rights of holders of claims against or interests in any and all of the Debtors shall be limited to the right to receive Distributions exclusively out of the Distribution Trust, except as expressly set forth in the Cash Plan. Holders of claims or interests shall have no further rights against RCV or the assets sold. The rights of equity interests in Allegheny shall be cancelled.

The Distribution Trustee shall be vested with all defenses to any Disputed Claim.

Entry of the Order of Confirmation shall constitute the Allowance of the Claims, in an amount equal to the principal prepetition amount due plus any interest accrued thereon prior to the Filing Date for: the 4 $\frac{5}{8}$ % Notes due 1990, the 9 $\frac{3}{4}$ % Notes due 1982-1996; the 9% Sinking Fund Debentures due 1995; the 9% Subordinated Sinking Fund Debentures due 1989; the 10.75% Subordinated Sinking Fund Debentures due 1999; the 10.4% Subordinated Sinking Fund Debentures due 2002 (to the extent of \$25,700,000); the Pittsburgh National Bank 6 $\frac{3}{4}$ % Notes due 1989; the 7 $\frac{3}{4}$ % Swiss Franc Notes due 1988; the Chemetron 10 $\frac{1}{2}$ % Notes due 1990; and the Chemetron 9% Debentures due 1994; plus, the claims of the Banks or their assignees for principal, pre- and post-petition interest, fees and costs and expenses in Class 2.A1.2 as set forth in Exhibit E attached to the Cash Plan. Proponent and certain limited partnerships of which Proponent is the general partner hold certain claims in the groups specified above. See "The Purchase Transaction—The Plan Proponent."

#### **M. COMMITTEES—JURISDICTION OF COURT**

To the extent the Cash Plan is inconsistent with any agreement by or between the Debtors or third parties, or the Disclosure Statement, the Cash Plan controls.

Notwithstanding confirmation of this Plan or the Effective Date having occurred, until the Court closes the Reorganization Cases pursuant to Bankruptcy Rule 3022, the Court shall retain jurisdiction for the following purposes:

- (a) Determination of the allowability of claims upon objection to such claims by a Debtor, the Distribution Trustee or other successor to any of the Debtors or by any other party in interest;
- (b) Resolution of claims for Post-petition Interest and disputed payments;
- (c) Determination of tax liability, pursuant to Code section 505;
- (d) Determination of requests for payment of administration expenses entitled to priority under Code section 507(a)(i), including compensation of parties entitled thereto;
- (e) Resolution of controversies and disputes regarding the interpretation of this Plan;
- (f) Determination of claims against the Distribution Trust, the Distribution Trustee and the OID Escrow;
- (g) Implementation of the provisions of this Plan and entry of orders in aid of confirmation of this Plan;
- (h) Modification of the Plan pursuant to section 1127 of the Bankruptcy Code;
- (i) Entry of a Final Order closing the Reorganization Cases;
- (j) Interpretation of the Release of Claims against Secured Bank Lenders to be granted pursuant to Section 5.25(a) of the Cash Plan except the proceeding commenced by *praecipe* GD88-7459 in the Court of Common Pleas of Allegheny County, Pennsylvania by Aetna Life Insurance Company, The Equitable Life Assurance Society of the United States, Teachers Insurance and Annuity Association of America, The Travelers Insurance Company, New York Life Insurance Company, Equitable Casualty Company, Connecticut Mutual Life Insurance Company, Aetna Life Insurance Company of Illinois, State Mutual Life Insurance Company of America, The Franklin Life Insurance Company, and The Lincoln National Life Insurance Company; and
- (k) Entry of an order dissolving Allegheny International, Inc.

As of the Effective Date, the duties of the Official Committees in the Debtors' cases will terminate.

## **N. GOVERNING LAW**

Except to the extent the Bankruptcy Code, Bankruptcy Rules and other Federal laws apply, and except for Reinstated contracts which are governed by the laws of another state, the rights and obligations arising under this Plan shall be governed by the laws of the state of Delaware without giving effect to conflict of law principles.

## **O. WITHDRAWAL OF PLAN**

Proponent has reserved the right, in its sole discretion, to withdraw the Cash Plan and the attendant offer to purchase the assets of Allegheny, if the Cash Plan is not consummated on or before July 2, 1990. The commitment to purchase the assets of Allegheny is not conditioned on Allegheny's ability to realize on its projections, or any minimum level of inventory or accounts receivable. The only condition to consummation relating to the Debtors' financial status is the requirement that there be at least \$100,000,000 Cash on Hand. Proponent has further entered into commitment letters for Bank financing of the Cash Plan under which fees accrue at the rate of approximately \$5,900 per day.

## **P. CONDITIONS UNDER WHICH PROPONENT WILL WITHDRAW PLAN OF REORGANIZATION**

Proponent shall withdraw the Cash Plan if an order is entered confirming such Cash Plan and subsequent to 30 days after entry of a Confirmation Order, the Proponent is unable to consummate the Cash Plan for reasons other than the occurrence of one or more of the following events: (i) the issuance of a stay of the Confirmation Order; (ii) the failure of the Institutional Structured Settlement to become effective; (iii) the failure of the Debtors to submit the Liberty Mutual Settlement for approval of the Court or the failure of the Court to enter an order approving such settlement or the failure of such order to become Final; (iv) the occurrence of a material deterioration in the level of Cash on Hand and current assets between the Confirmation Date and the Effective Date; (v) the failure of the Debtors to provide reasonable cooperation to the Bank Lenders and their counsel so as to permit the closing of the Bank Financing; or (vi) a delay in the entry of an order estimating the amounts necessary to fund Holdback I and the Allegheny and Chemetron Holdbacks or the failure of 10 days to have passed since entry of such order or entry of a stay with respect to such order.

In the event that there is a material deterioration in the level of Cash on Hand and current assets, Proponent shall have 20 days from the date Proponent is advised of such fact to determine the reason for such deterioration and determine whether or not to waive such condition. In making this determination, proceeds of sales of assets out of the ordinary course of business between the commencement of the hearing on confirmation of the Cash Plan and the Effective Date are not included within Cash on Hand. In this connection, the Debtors will cooperate with the Proponent and its accountants in connection with the determination of the reason for such deterioration. If the Court determines that the Debtors have not complied with the Confirmation Order regarding cooperation with Proponent, the time period shall be stayed until appropriate cooperation is provided. The Confirmation Order shall include a provision directing the Debtors to consummate the Liberty Mutual Settlement. If the Debtors do not file an application seeking approval of the Liberty Mutual Settlement, Proponent will independently seek to obtain a Final Order of the Court approving such settlement. Proponent also will use its best efforts to obtain orders of the Court estimating the amount of Claims reserves as described in the Cash Plan.

## VI. THE COMPANY

For information regarding the background of the Debtors and these reorganization cases see the Debtors' Disclosure Statement, Section VI.

The following description of Certain Legal Issues and Litigation is taken from the Debtors' Disclosure Statement:

### A. CERTAIN LEGAL ISSUES

**1. Bank Loan Litigation.** Allegheny, in February, 1988, entered into an Adequate Protection Agreement with the Banks in which Allegheny agreed not to commence any action against the Banks and recognized that the Banks' lien is valid. This agreement was presented to the Bankruptcy Court for approval and in a Memorandum Opinion dated March 11, 1988, the Bankruptcy Court expressly permitted Allegheny to recognize the validity of the Banks' lien, without prejudice to the rights of other constituents to raise and contest the validity of the Banks' lien. Subsequently, in April 1988, the Official Committee of Unsecured Creditors to Allegheny International, Inc. (the "AI Creditors Committee") commenced an action with eleven counts on behalf of Allegheny against Mellon Bank, N.A. and various other bank creditors (the "Banks") at Adversary Proceeding 88-186.

The complaint in the adversary proceeding alleges that the Banks are liable to Allegheny for (i) fraudulent transfers under state and federal law, (ii) preferential transfers to alleged insiders, (iii) equitable subordination, and (iv) breach of a duty to act in good faith and deal fairly. The relief sought includes (a) return of \$440 million paid to the Banks prior to the bankruptcy filing; (b) invalidation or subordination of the Banks' remaining liens regarding the approximately \$220 million remaining to be paid; (c) punitive damages of \$880 million; (d) return of a \$500,000 fee paid to the Banks in December 1986 in connection with the postponement of the due date of a periodic payment; (e) return of other fees, reimbursement for interest, costs and counsel fees; and (f) such other relief as the Bankruptcy Court deems appropriate.

The Banks have denied the material allegations of the complaint, asserted various affirmative defenses and in respect of Counts X and XI of the complaint, the counts based upon equitable subordination and the alleged breach of a covenant of good faith and fair dealing, have moved (i) to dismiss those counts on grounds of failure to state a legally cognizable claim under applicable law and (ii) based upon affidavits of senior management of Allegheny, for summary judgment as to those counts. The Bankruptcy Court granted the Official Committee of Equity Security Holders (the "Equity Committee") a limited right to intervene in respect of only Counts X and XI. On appeal to the District Court, the District Court on November 15, 1989 granted the Equity Committee the general right to intervene on all counts. The Banks have appealed the intervention order.

There has been substantial discovery by the parties. If the case is not disposed of by summary judgment, it is estimated that a trial of this action would be quite lengthy.

A favorable disposition of various counts of the Complaint could result in different types of relief, including, among other things, an increase in the recovery by some or all creditor groups and possibly the equity holder groups at the expense of the Banks. If the Plaintiffs were successful in subordinating the Banks' claims, the distributions prescribed by the present plan of reorganization could be substantially altered to the detriment of the Banks and the Banks might not recover 100% of their claim.

If the Banks were to prevail, they would be entitled to be paid in full on their claims the principal amount of \$186 million, and would seek post-petition interest and fees calculated to amount to \$57 million through February 28, 1990 and to be indemnified for their costs of defense. Thereafter, so long as the litigation continued, the Banks would seek an additional \$2 million per month.

The Debtors' Plan provides that the Banks will accept less than the full amount claimed for post-petition interest and fees, in consideration of the settlement, compromise and dismissal with prejudice of the Bank Litigation and a release by Allegheny of any and all claims against the Banks. The Debtors' Disclosure Statement states that Allegheny believes that the settlement, compromise and dismissal with prejudice of the Bank litigation under the terms provided in the Debtors' Plan is fair and reasonable and in the best interests of the Allegheny estate, its creditors and shareholders, and should be approved. According to its Disclosure Statement, in arriving at this belief, Allegheny considered, among other matters, the following: (i) the value of the distribution with respect to post-petition charges under the Debtors' Plan versus the claim for post-petition charges; (ii) the benefits derived from a consensual plan which could not have been concluded without a dismissal of the Bank Litigation; (iii) the inherent uncertainty of litigation and its ultimate outcome; and (iv) the time and cost involved in pursuing litigation.

The Cash Plan also proposes settlement with the Banks. A partnership of which Proponent is the general partner has purchased certain Bank Claims, under terms which require Proponent to indemnify the sellers against any loss in connection with the Bank Litigation. As assignee of Bank Claims, confirmation of the Cash Plan will result in the compromise and settlement of the partnership's right to receive the full amount of Post-petition Interest at the contract rate and indemnification from Allegheny. Confirmation of the Cash Plan is an essential condition of the settlement, compromise and dismissal of the Bank Litigation as proposed in the Cash Plan.

**2. OID Litigation.** In 1984, Allegheny issued Subordinated Sinking Fund Debentures due July 1, 1993 through July 1, 2002 (the "10.4% Debentures") having a face amount of approximately \$38.6 million in exchange for shares tendered to it by holders of its Preference Stock. The trustee for the 10.4% Debentures filed a claim for the face amount of such debentures and accrued interest. Allegheny objected to the claim on the grounds that approximately \$13.5 million of the face amount of such debentures constituted original issue discount (the issue price was less than the face amount and the difference is a form of unmatured interest) which cannot be part of an allowed claim (the "OID Dispute"). By a Memorandum Opinion dated May 8, 1989, the Bankruptcy Court allowed a principal claim of approximately \$28.9 million for the 10.4% Debentures and an aggregate claim of approximately \$29.5 million. Both the trustee for the 10.4% Debentures and Allegheny have appealed this ruling and the appeal is currently pending. The Debtors' Plan provides a mechanism for settling the OID Litigation and the Cash Plan preserves that mechanism. The Cash Plan provides that if the requisite approvals are obtained (i) from the holders of 10.4% Debentures and (ii) from the holders of the 10<sup>3</sup>/<sub>4</sub>% Subordinated Sinking Fund Debentures due 1999 and of the 9% Subordinated Sinking Fund Debentures due 1989, then the Bankruptcy Court shall order the parties to these appeals to withdraw the appeals in order to permit the Bankruptcy Court's ruling to become a final order to resolve the OID Dispute (the "Proposed OID Settlement"). See "The Plan—Means for Execution of the Plan" for a description of the withholding of the OID Escrow (which Proponent estimates to be approximately \$5,066,000) and the Proposed OID Settlement.

**3. Substantive Consolidation Motion.** The AI Creditors' Committee filed a Motion for Substantive Consolidation on September 19, 1988. The Motion alleges that the assets and liabilities of Allegheny and its subsidiaries, including Sunbeam Corporation, should be substantively consolidated for purposes of the chapter 11 plan and distribution to creditors, based upon the AI Creditors' Committee's allegation that the affairs of Allegheny and its subsidiaries were so intermingled that a basis for consolidation exists. The Motion is opposed by the Official Committee of Unsecured Creditors for Sunbeam Corporation, *et al.*, (the "Sunbeam Committee"), which has filed a motion seeking summary judgment denying substantive consolidation based upon its allegation that there is no genuine issue of material fact involved in this litigation, and that the substantive consolidation must be denied as a matter of law.



If the AI Creditors' Committee is ultimately successful on its Motion for Substantive Consolidation and the estates of Allegheny's subsidiaries are consolidated with Allegheny's estate, the distributions to Allegheny's unsecured creditors may increase; correspondingly, distributions to unsecured creditors of Allegheny's subsidiaries may decrease. If the Sunbeam Committee is successful in its motion for summary judgment or ultimately defeats the AI Creditors' Committee's motion, the distributions under the Debtors' Plan would be unaffected.

If the Cash Plan is confirmed, the AI Creditors' Committee's Motion for Substantive Consolidation will be dismissed with prejudice as to Sunbeam and Sunbeam's subsidiaries and any other Debtor reorganized pursuant to the Cash Plan.

**4. Preference and Fraudulent Conveyance Analysis.** Under the Bankruptcy Code a trustee or debtor-in-possession has the right to recover preferences. A preference is a payment (or transfer of property) not made in the ordinary course of business in accordance with ordinary business terms to a creditor for or on account of a preexisting debt made by a debtor within 90 days (1 year in the case of insiders) prior to the commencement of a reorganization or bankruptcy case, while insolvent, that enables the creditor to receive more than the creditor would have received if such payment or transfer had not been made and if the debtor's assets were to be distributed pursuant to the provisions of chapter 7 (dealing with liquidations) of the Bankruptcy Code.

A review of the books and records of the Debtors was undertaken to identify payments to lenders between November 22, 1987, and February 20, 1988. The review included all payments by the Debtors to institutional creditors, including payments to bank creditors and payments to indenture trustees on account of outstanding senior and subordinated debt securities. Although substantial payments of principal, interest and contractual fees were made to lenders, the payments to lenders appear to have been made when due in accordance with applicable loan documents containing ordinary business terms.

On February 4, 1988, Allegheny and The Chase Manhattan Bank, N.A. ("Chase Manhattan") agreed to terminate a forward foreign exchange agreement dated March 11, 1982, under the terms of which Allegheny was to purchase 32,368,313 Swiss francs from Chase Manhattan on March 1, 1988, for \$18,537,522. On February 4, 1988, forward exchange contracts were available for delivery of an equivalent amount of Swiss francs on March 1, 1988, in exchange for \$23,455,299.28, a difference of \$4,917,777.28 from the dollars required by the Chase Manhattan contract, which, when discounted at 8.5% per annum to February 5, 1988 equalled \$4,888,919.08. Chase Manhattan retained 15% of that amount, \$733,337.86, as a fee for the early buyout of the contract plus an extension of an unrelated \$1,000,000 debt owed by Allegheny to Chase Manhattan and remitted the balance of \$4,155,581.22 to Allegheny. Allegheny has sought recovery of \$733,337.86 from Chase Manhattan pursuant to, *inter alia*, sections 548 and 550 of the Bankruptcy Code, which provide that a debtor may avoid and recover as fraudulent conveyances transfers made while insolvent within one year prior to bankruptcy for less than reasonably equivalent value.

**5. Other Litigation.** The Debtors filed motions to reject the November 16 Agreement with Donaldson, Lufkin & Jenrette, Inc. ("DLJ") and seeking other remedies. The November 16 Agreement obligated the Debtors, among other matters, to reimburse DLJ for up to \$2,000,000 of expenses. In their Disclosure Statement, Debtors have stated that they do not intend to pursue this litigation unless DLJ seeks expense reimbursement in which event Debtors may pursue it if a settlement is not made with DLJ regarding its expense claim.

## **B. LITIGATION**

Nine lawsuits were instituted in 1986 and one in 1987 in the United States District Court for the Western District of Pennsylvania and in the Court of Common Pleas of Allegheny County, Pennsylvania, by individuals alleged to be security holders of Allegheny naming Allegheny, and certain present and

former directors and officers and, in one case, certain present and former officers as defendants. The lawsuits are either class actions alleging violation of the securities laws or derivative suits. The class action suits were consolidated and a consolidated complaint was filed in October 1986 at *In re: Allegheny International, Inc. Shareholder Litigation*, Civil Action No. 86-1651. The derivative suits in Federal court were also consolidated and a consolidated complaint was also filed in October 1986 at Civil Action No. 86-835. The state court actions are *Leonard Barkan v. Robert J. Buckley, et al.*, Civil Division No. GD-86-13795; *Edith Citron v. Robert J. Buckley, et al.*, Civil Division No. GD-86-13413; and *Louis Klein v. Allegheny International, Inc., et al.*, Civil Division No. GD-87-00618. As a result of the bankruptcy filings, the suits pending in the state courts have been stayed.

The class action suit names as defendants Allegheny and certain former officers and directors. It is based on Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The complaint contains various allegations concerning failure to make appropriate disclosures and also alleges violations of Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9.

A class has been certified for the period of August 1, 1985 through April 18, 1986 ("Class Period") consisting of all purchasers, other than the defendants, affiliates and subsidiaries of Allegheny and officers and directors of Allegheny during the Class Period and members of their immediate families, and Decatur Income Fund, Inc. ("Decatur"); of Allegheny securities, including Allegheny Common Stock, subordinated debentures, Allegheny Preference Stock and Allegheny Preferred Stock during the Class Period.

In the consolidated derivative suit, damages in an unspecified amount are sought against the individual defendants on the basis of alleged breaches of loyalty and care and of fiduciary duty. Allegheny is a nominal defendant and any monetary damages, less plaintiffs' attorneys fees and expenses, would ultimately be paid to Allegheny. The complaint also alleges violations of Section 14(a) of the Securities Exchange Act of 1934. The parties to the class actions and derivative actions have agreed to settle both cases for \$6,250,000, which sum is being paid by the insurance company that provided directors and officers liability insurance, to be distributed as follows: \$1,000,000 to Allegheny as recovery in the derivative actions, \$337,248 to Decatur and the balance, after payment of plaintiffs' counsel fees and expenses, to members of the class. A hearing was scheduled for October 3, 1989, in the United States District Court for the Western District of Pennsylvania, U.S. Post Office and Courthouse, 9th Floor, Grant Street, Pittsburgh, PA 15219, to consider the fairness, reasonableness and adequacy of the proposed settlement, the dismissal of the litigation, plaintiffs' counsels' request for attorneys' fees and reimbursement of expenses and other related matters. The Court approved the Settlement on December 4, 1989.

Pursuant to authority granted under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), the U.S. Environmental Protection Agency ("EPA") has issued a National Priority List of sites at which action is to be taken by the EPA or state authorities to mitigate the risk of release of hazardous substances into the environment. Various subsidiaries of Allegheny have been named, along with numerous other companies, as potentially responsible parties with regard to 18 of the over 950 sites on the National Priority List. Due to the uncertainty of the remedial measures to be adopted at various sites and the fact that imposition of joint and several liability is possible under CERCLA, the liability of such subsidiaries of Allegheny with respect to any site at which remedial measures have not been completed cannot be established with any degree of certainty.

On March 31, 1987, First Delaware Properties 37756 Corporation filed a complaint at Civil Action No. H87-990 in the United States District Court for the Southern District of Texas, Houston Division, against Allegheny, Allegheny International Credit Corporation, the Company's directors and others alleging violations of the Racketeer Influenced and Corrupt Organizations law, the Securities Act of 1933 and the Securities Exchange Act of 1934, as well as causes of action under Texas law. This lawsuit alleges that the defendants unlawfully received, or benefitted from the receipt of, \$4.1 million

which was purportedly removed from certain accounts of the plaintiff in connection with efforts by David L. and Violet Glassel, doing business as Vida Properties, debtors of Allegheny International Credit Corporation, to make payments to Allegheny International Credit Corporation or to improve the property serving as collateral for such debt. The plaintiff alleges damages in the amount of \$4.1 million, including interest thereon, and requests special damages of not less than \$55 million, exemplary damages of not less than \$200 million, the trebling of these damages and reimbursement of plaintiff's costs and attorneys' fees. Most of the individual Allegheny defendants have filed a motion to dismiss plaintiff's complaint on the grounds of insufficiency of service of process and lack of personal jurisdiction. The Allegheny defendants have filed a motion to strike plaintiff's complaint on various grounds. None of these motions has been ruled upon as yet. Allegheny does not believe that any of these allegations or demands, at least as with respect to Allegheny and parties affiliated with Allegheny, has any merit. This action has been stayed because of the reorganization filings.

In 1988 Spear, Leeds & Kellogg, a shareholder of Allegheny, instituted a lawsuit in the United States Court for the Western District of Pennsylvania naming certain present and former directors and one former officer of Allegheny as defendants. The lawsuit alleges violations of Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 (the "1934 Act") and Rule 10b-5 with respect to public disclosures by Allegheny. In addition, it contains allegations of common law fraud, negligent misrepresentation and breach of fiduciary duty by some or all of the defendants. In 1988 Spear, Leeds & Kellogg also filed complaints against each of Dillon, Read & Co., Inc. ("Dillon Read") and Peat Marwick Main & Co. ("Peat Marwick") in the United States District Court for the Southern District of New York and the members of Class 2.A1.2 (Allegheny Secured Bank Claims). Such complaints also allege violations of Section 10(b) of the 1934 Act and Rule 10b-5 and, in addition, contain allegations of common law fraud and negligent misrepresentation.

In 1988 Irwin L. Jacobs and Carl R. Pohlad, both of whom are shareholders of Allegheny, instituted a suit in the United States District Court for the District of Minnesota naming the same present and former directors and one former officer as defendants. The lawsuit includes allegations similar to those in the Spear, Leeds & Kellogg suit and charges violations of Sections 10(b) and 20 of the 1934 Act, Rule 10b-5, and certain Minnesota statutes and, in addition, common law fraud and negligent misrepresentation. Irwin L. Jacobs and Carl R. Pohlad also have filed an additional lawsuit in the United States District Court for the District of Minnesota against Dillon Read and Peat Marwick which, similarly to Spear, Leeds & Kellogg's suit, alleges violations of Section 10(b) of the 1934 Act and Rule 10b-5 and, in addition, contains allegations of common law fraud and negligent misrepresentation.

All of these lawsuits seek damages from the defendants as a result of their alleged actions.

Although Allegheny is not a party to any of the lawsuits brought by Spear, Leeds & Kellogg, Irwin L. Jacob or Carl R. Pohlad, it is required under the terms of its by-laws to indemnify the present and former directors with respect to certain liabilities and litigations. In addition, in accordance with the terms of its agreements with Dillon Read, entered into prior to its filing for reorganization pursuant to which Allegheny retained that firm, Allegheny agreed to indemnify Dillon Read with respect to certain liabilities and litigations. The Debtors' Disclosure Statement states that Allegheny is presently unable to determine whether any amounts claimed by the foregoing would be material, but that any such claims if properly filed and allowed would be treated as part of Class 5.A1.1 (Allegheny General Unsecured Claims). Proponent believes certain of these claims may be subject to disallowance under section 502(e) of the Bankruptcy Code.

Debtors and their subsidiaries are engaged in a variety of litigation in the ordinary course of business, including ordinary commercial litigation, products liability and warranty litigation and workers compensation and other employee litigation. The Debtors indicate that they do not believe that the outcome of such routine litigation will have a material adverse effect on them and their subsidiaries, taken as a whole.

**C. INFORMATION CONCERNING THE PUBLICLY-HELD SECURITIES OF ALLEGHENY, CHEMETRON AND SUNBEAM TRADED ON THE NEW YORK STOCK EXCHANGE**

Allegheny, Chemetron and Sunbeam presently have various debt and equity securities publicly traded on the New York Stock Exchange. The following table sets forth the trading ranges and prices for those securities:

	12/22/88- 12/22/89 Trading Range		1/24/90
	High	Low	
<b>Sunbeam:</b>			
5½% Sinking Fund Debentures due through 1992 .....	97.813	83.625	—
<b>Chemetron:</b>			
9% Debentures due through 1994 .....	95.500	70.000	69½
<b>Allegheny:</b>			
9% Subordinated Sinking Fund Debentures due through 1989 .....	93.000	17.125	27½
10¾% Subordinated Sinking Fund Debentures due 1990-1999 .....	94.125	14.000	27½
10.4% Subordinated Sinking Fund Debentures due 1993-2002 .....	68.000	11.500	21¼
\$2.19 Cumulative Preference Stock .....	4.875	.172	.344
\$11.25 Convertible Preferred Stock .....	15.125	.563	.625
Common Stock .....	2.375	.250	.692

Allegheny's other public debt securities, including Allegheny's 9% Sinking Fund Debentures due 1995 and the Allegheny Overseas Capital N.V. 7¾% Swiss Franc Notes, are not traded on the New York Stock Exchange.

During the pendency of the Debtors' reorganization cases, the payment of any dividends or interest would need the approval of the Bankruptcy Court and such approval is not expected. Allegheny has stated that it does not intend to seek the Bankruptcy Court's permission to declare or pay any dividends on its preferred, preference, or common stock, at any time before confirmation of a plan.

As of October 1, 1989, the number of shares outstanding of the Company's preferred, preference and common stocks, and the number of holders of record, was as follows:

	Number of Shares Outstanding	Number of Holders of Record
\$2.19 Cumulative Preference Stock .....	2,814,107	2,218
\$11.25 Convertible Preferred Stock .....	1,915,726	2,521
Common Stock .....	10,859,129	12,617

**D. PRIOR HISTORY**

On June 13, 1989, the Bankruptcy Court terminated the Debtors' exclusive right to file a plan. In July, 1989, Proponent began gathering information and investigating the possibility of acquiring the Debtors. On November 8, 1989, Proponent made a proposal to purchase all of the assets of Allegheny for \$683.8 million, subject to reaching an agreement concerning the specific terms of the acquisition and confirmation of a plan of reorganization incorporating such terms. The Chairman of the Board suggested in letters dated October 26 and November 14, 1989, that Proponent file its own plan of reorganization. Proponent continued to pursue its efforts to acquire the Debtors, which resulted in its filing a plan of reorganization on January 24, 1990.

## VII. THE PURCHASE TRANSACTION

### A. THE PLAN PROPONENT

Japonica Partners is a limited partnership formed under the laws of Rhode Island. Japonica Partners is the holder of \$10,000 in face amount of 10.75% Subordinated Sinking Fund Debentures, due 1999, which it acquired prior to filing the Cash Plan. Japonica Partners' Claim as a holder of 10.75% Debentures falls within Class 7.A1.1 (Allegheny Subordinated Debenture Claims) under both the Cash Plan and the Debtors' Joint Stock Plan of Reorganization dated December 29, 1989, as amended (the "Debtors' Plan").

#### 1. Claims Held

In addition, after the Bankruptcy Court's February 5, 1990 order approving the Disclosure Statement to the Debtors' Plan, Japonica purchased from NCNB National Bank of North Carolina, Canadian Imperial Bank of Commerce, Harris Trust & Savings Bank, Israel Discount Bank of New York, The Northern Trust Company, The First National Bank of Boston, Continental Bank, N.A., and Bank of Hawaii ("Bank Claimants") certain claims (the "Bank Claims") in Class 2.A1.2 (Allegheny Secured Bank Claims) with a face amount of \$65,316,630 plus any additional amounts for prepetition interest, post-petition interest, and fees and expenses relating to those Claims for an aggregate purchase price of \$54,773,972.60 plus the assumption of contingent liabilities arising out of the Bank Litigation. These Bank Claims were purchased by Proponent using funds that are part of the \$60 million dollar equity commitment from Allegheny Banc Claims, L.P., a Rhode Island limited partnership of which Japonica Partners is the general partner and Mutual Shares Fund, Mutual Qualified Fund and Mutual Beacon Fund are limited partners ("Allegheny Banc Claims (I)") and such claims were assigned to Allegheny Bank Claims (I) pursuant to Assignment Agreements dated March 16, March 26 and March 30, 1990, respectively. Pursuant to these Assignment Agreements, Japonica Partners assigned and unconditionally transferred all of its right, title and interest in and to Assignment Agreements between Japonica Partners and the Bank Claimants to Allegheny Banc Claims (I). The purchase of the Bank Claims makes Allegheny Banc Claims (I) Allegheny's largest creditor.

In addition, holders of \$21,793,590 face amount of the Allegheny Overseas Capital N.V. 7¾% Swiss Franc Notes due 1988 have unconditionally assigned their right, title and interest in and to such Notes to Japonica in consideration of payment of \$14,383,769.40 pursuant to an agreement between Japonica and Swiss Volksbank dated March 20, 1990. The funds paid for assignment of the Swiss Franc Notes are part of the \$60 million equity commitment from Allegheny Banc Claims, L.P., a Delaware limited partnership of which Japonica Partners is the general partner and Steinhardt Ventures is the limited partner ("Allegheny Banc Claims (II)"). Japonica has assigned its interest in the Swiss Franc Notes to Allegheny Banc Claims (II). Japonica intends to reallocate some of these Swiss Franc Notes to Allegheny Banc Claims (I), but the amount has not yet been determined.

#### 2. Tender Offer

Proponent made a public tender offer for all of the (i) 9% Subordinated Sinking Fund Debentures due 1989 for cash equal to approximately 39% of the amount of the Allowed Claim relating to such debentures, (ii) 10.75% Subordinated Sinking Fund Debentures due 1999 for cash equal to approximately 39% of the value of the Allowed Claim relating to such debentures, (iii) 10.4% Subordinated Sinking Fund Debentures due 2002 for cash equal to approximately 36.4% of the value of the Allowed Claim relating to such debentures, and (iv) 9% Sinking Fund Debentures due 1994 of Chemetron Corporation, a wholly owned subsidiary of Allegheny, for cash equal to approximately 80.4% of the amount of the Allowed Claim relating to such debentures (collectively the "Securities"). The offer to purchase the Securities will expire on May 15, 1990, unless extended (the "Expiration

Date").\* Copies of the Offers to purchase may be obtained from Georgeson & Company, Inc., Proponent's Information Agent.

The total amount of funds required by Proponent to purchase the full amount of Securities sought pursuant to the Offers and pay related fees and expenses is approximately \$57.5 million. Proponent has available all funds necessary to purchase all of the securities sought to be purchased in the Offers. The Equity Partnerships are providing these funds.

Upon the terms and subject to the conditions of the Offers, Proponent will accept for payment all Securities validly tendered on or prior to the Expiration Date and not withdrawn. The Offers do not extend to Securities owned by the Debtors or their subsidiaries. Proponent reserves the right to transfer or assign, in whole or from time to time in part, to one or more affiliates or direct or indirect subsidiaries of the Proponent, the right to purchase Securities tendered pursuant to the Offers. Except as otherwise provided in the Offers to Purchase, all tenders of Securities made pursuant to an Offer are irrevocable. Securities tendered pursuant to an Offer may be withdrawn at any time prior to acceptance by Proponent as provided in Proponent's Offer to Purchase. In addition, unless previously accepted for payment by Proponent, tendered Securities may also be withdrawn after Tuesday, June 12, 1990.

Under their terms, the Offers may be amended, extended or terminated by Proponent (whether or not Securities have theretofore been accepted for payment or paid for pursuant to such Offers), or may delay or refrain from accepting for payment or paying for any Securities subject to such Offers if, at any time prior to the time for payment for any such Securities, any of certain events which are described in Proponent's Offers to Purchase shall have occurred. If any of the conditions shall have occurred, Proponent may (i) terminate any or all of the Offers and return tendered Securities to the holders who tendered them; (ii) extend any or all of the Offers and retain all tendered Securities until the expiration of the extended Offer or Offers; or (iii) amend any or all of the Offers in any respect by giving oral or written notice of such amendment to the Depositary. Proponent also reserves the right at any time to waive or amend any or all of such conditions as to any or all of the Offers and may, if it chooses, waive or amend conditions as to one or several but not all of the Offers. The Offer document states that: "The Purchaser has entered into confidentiality agreements relating to the Debtors pursuant to which the Purchaser is required to maintain the confidentiality of non-public information relating to the Debtors. As a consequence of such agreement, the Purchaser has received non-public operational and financial information concerning the Debtors."

As of May 3, 1990 Proponent has not purchased any securities tendered pursuant to the Public Tender Offer. Proponent has not publicly disclosed the dollar amount of securities tendered as of May 3, 1990.

In addition, Proponent has had discussions with various institutional holders of claims against Allegheny. Proponent may purchase additional claims prior to the Effective Date.

## B. THE TRANSACTION AND CORPORATE STRUCTURE

Japonica Partners and designated investors will acquire the assets and liabilities of Allegheny and its subsidiaries through (i) a newly formed Delaware corporation, RCV, Inc. and its subsidiaries and (ii) a newly formed Delaware Corporation, O/S J.V., Inc.

\* An exhibit to the offering documents sets forth the price offered for the Class 7.A1.1 Debentures and the Chemetron Debentures, as follows:

	<u>Percent of Principal Amount</u>	<u>Approx. Percent of Accreted Value(1) as of 10/1/89</u>	<u>Approx. Percent of Allowed Claim</u>
9% Debentures .....	39.8%	40.2%	39.0%
10 <sup>3</sup> / <sub>4</sub> % Debentures .....	41.0%	42.8%	39.0%
10.4% Debentures .....	27.7%	38.6%	36.4%
Chemetron Debentures.....	83.8%	NA	80.4%

(1) The term accreted value as reflected in the Debtors' financial statements means the principal amount of a security net of unamortized original issue discount.

The funds required for the Asset Purchase, which also will fund Distributions, will be provided from: (i) equity from Allegheny Banc Claims (I) and Allegheny Banc Claims (II) (such partnerships are hereinafter called the "Equity Partnerships") and (ii) loans to SAHL from a group of bank lenders (the "Bank Lenders"). At the Closing the Distribution Trust will be fully funded to permit consummation of the Cash Plan.

Except as specified below, upon consummation all of the Allegheny Assets will be transferred to SAHL, including the Sunbeam Leisure, Northern Electric, Almet/Lawnlite, Professional Products, Sunbeam Canada, Springfield Instrument, Hanson Scale, Sunbeam Intercontinental, Ltd., and Solaray business units and further including the stock of any company whose assets are a part of such businesses.

SAHL will hold all assets, except the SAC/Oster Assets and assets specifically identified as being transferred to NMGM, and will assume all Reinstated Claims other than those Reinstated Claims assumed by O/S J.V. or NMGM. The obligations assumed by SAHL include obligations evidenced by the Tax Notes, obligations relating to the Debtors' pension plans, liabilities associated with retiree life and medical benefits (except those associated with the non-union retired employees of the business units transferred to O/S J.V.), and obligations relating to other specified indemnities. SAHL will also assume liability for environmental obligations that relate to the assets, businesses and facilities transferred to SAHL.

The majority of the stock of SAHL will be owned by RCV. Other equity investors may own a minority interest in SAHL, although the precise number of shares or percentage of equity ownership for any such minority interests has not yet been determined. Proponent has been in discussions with several investors in the Pittsburgh area and intends to give local Pittsburgh investors the opportunity to invest in the equity of SAHL. The amount and terms of such equity investments have not been determined. In addition, William Webber, the proposed President and Chief Operating Officer of SAHL, will invest at least \$250,000 as an equity investor in SAHL. RCV will remain liable on all obligations reinstated and/or assumed by SAHL.

Non-core assets set forth in Exhibit D to the Plan will be transferred to NMGM which will assume the non-operating liabilities described on such Exhibit. These liabilities to be assumed by NMGM primarily include environmental and product liability obligations which are not related to any asset or ongoing line of business acquired by SAHL or O/S J.V. The projected realization of cash in respect of the sale of the non-core assets and estimates of payments to be made in respect of the non-operating liabilities assumed by NMGM is set forth in the notes to the NMGM balance sheet. RCV, SAHL & NMGM will assume designated fixed and contingent liabilities. Attached as Exhibit 8 is a Projected Pro Forma Consolidating Balance Sheet for RCV, SAHL and NMGM and a Projected Pro Forma Operating Statement for RCV and SAHL for 1990-1992, as of March 31, 1990. Proponent is not aware of any occurrence since that date that would result in a material inaccuracy in the statements provided.

On consummation of the Cash Plan, the assets of the Oster Housewares, Sunbeam Appliance, Sunbeam-Mexico, Oster-Venezuela, Sunbeam-Peru, Oster-Germany, Oster-UK and Sunbeam-Hong Kong business units, including the stock of any company whose assets are part of such businesses, will be transferred to O/S J.V. O/S J.V. will assume the Administrative Expense Claims associated with such businesses, the Reinstated Claims associated with such businesses or the property, plant or equipment used by such businesses, and the retiree life medical and life insurance benefits for non-union retirees from the Oster Housewares and Sunbeam Appliance businesses. In addition, O/S J.V. will assume the Reinstated Environmental Compliance Obligations associated with the assets, businesses and facilities transferred to O/S J.V.

O/S J.V. will be capitalized separately from SAHL and NMGM. Capitalization of O/S J.V. has been reflected by assuming the infusion of \$15.0 million of cash into the business at the date of acquisition.

This cash will be infused by Japonica Partners, who will hold a minority interest, and by existing equity investors. Proponent is highly confident that such investors will make the \$15 million equity infusion. The unavailability of other investors would not result in withdrawal or a substantial modification of the Cash Plan. Attached as Exhibit 9 is a Projected Pro Forma Balance Sheet and a Projected Pro Forma Operating Statement for O/S J.V.

### C. PURCHASE PRICE

The aggregate purchase price will be the sum of (i) cash transferred to the Distribution Trust (\$605,774,000 plus or minus Cash Adjustments); (ii) the dollar amount of Cash transferred by RCV to the PNB Escrow Account used to fund the allowed amount of unpaid Administrative Compensation Claims (\$15,018,000 plus the Allowed portion of Binding Fee Estimates through July 2, 1990); (iii) the dollar amount of fixed, liquidated, secured and unsecured debts reinstated and assumed by RCV (\$19,900,000); (iv) the priority tax obligations being assumed by RCV and SAHL (\$14,600,000); and (v) the dollar amount of other fixed and contingent pre- and post-petition obligations assumed by RCV, including liabilities relating to pension plans, retiree benefit plans, environmental claims, product liability claims, workers' compensation claims and indemnities.

Cash Adjustments means the adjustment to the Purchase Price and/or the cash paid into the Distribution Trust and includes:

- (a) the decrease in the Purchase Price by the aggregate amount paid by the Debtors for, and liabilities incurred by the Debtors relating to, lending commitments entered into by the Debtors subsequent to March 25, 1990 and prior to the Effective Date;
- (b) the decrease in the Purchase Price which occurs pursuant to section 7.18 of the Plan if any of Classes 7.A1.1, 8.A1.1, 8.A1.2 or 9.A1.1 does not vote to accept the Plan;
- (c) the increase in the Purchase Price resulting from additional payments made to Class 5.SB.7 pursuant to the Institutional Structured Settlement as modified pursuant to section 6.1(b) of the Plan;
- (d) the increase in the amount of cash paid to the Distribution Trust in the event that Purchaser determines to pay 100% of the allowed amount of any Reinstated Claims in cash on the Effective Date, pursuant to sections 4.8(a), 4.15(a) or 4.15(b) of the Plan; and
- (e) any increase in the purchase price by reason of Proponent's objection to any indemnity claim which would be assumed under the Debtors' Plan and is not assumed under the Cash Plan.

The Cash Plan will be funded by the transfer of immediately available federal funds to the Distribution Trust and the transfer of Cash to the PNB Escrow Account. The Cash Plan contains a condition precedent to confirmation that Cash on Hand must exceed \$100 million. Cash on Hand means all of Debtors' Cash from all sources as of the Effective Date minus (i) the aggregate amount of checks, drafts or other cash items issued by or against depository accounts of the Debtors and not paid as of the Effective Date, (ii) the dollar amount of reserves established for Professional Fees pursuant to section 7.10 of the Plan, and (iii) \$900,000 per month beginning April 1, 1990 pursuant to the Institutional Structured Settlement referred to in section 6.1(b) of the Plan. Proponent may withdraw the Cash Plan or proceed notwithstanding the fact that Cash on Hand is less than \$100 million. Proponent would consider waiving such condition if the reduced level of Cash on Hand was the result of ordinary seasonal variations in working capital accounts, and not the result of operating losses or conversion of current assets to fixed assets in connection with transactions outside of the ordinary course of business. Proponent has not conditioned its offer to purchase the assets on any minimum level of inventory or accounts receivable or on Allegheny's ability to realize its projections regarding sales or profits. If Proponent waives the \$100 million Cash on Hand requirement as a condition of confirmation, Proponent need not consummate the Plan if there is a material deterioration in the level of Cash on Hand and current assets between the Confirmation Date and the Consummation Date. Proponent also may waive this condition.



As part of the purchase price, RCV and O/S J.V. will each separately assume certain obligations. These include obligations of the Debtors pursuant to Tax Notes and Reinstated Claims. Reinstated Claims are defined in Sections 1.100 through 1.122 of the Cash Plan and include: Claims under the Debtors' tax qualified pension plans, Sunbeam 5½% Sinking Fund Debentures, claims under certain industrial development revenue bonds, claims of former employees for health and welfare benefits, intercompany claims, Metropolitan Federal Savings and Loan Associations' secured claim, product liability claims, environmental liabilities as set forth in Sections 1.109 and 1.110 of the Cash Plan, and others. If any covenants relating to any of the Reinstated Claims cannot be satisfied, Proponent has reserved the right to amend the Cash Plan to provide that any such claim is unimpaired. Any such amendment shall not be deemed a material modification of the Cash Plan. If any claim is paid in full in lieu of reinstatement, Proponent shall transfer to the Distribution Trust an amount equal to the allowed amount of such Claim.

RCV will indemnify and hold the Distribution Trust harmless in respect of any claim assumed by RCV, including but not limited to priority claims asserted by the IRS for taxes relating to RCV's acquisition of the assets of Allegheny; *provided, however*, that the Distribution Trustee shall give RCV prompt notice of any such claim asserted against the Distribution Trust and shall permit RCV to contest such claim in the name of the Distribution Trustee.

RCV will also assume indemnity claims, except to the extent that (1) the claims underlying the indemnity are disallowed under section 502(e)(2)(i); or (2) claims relating to indemnities are disputed by the Debtors by reason of such claims being contingent, unliquidated or disputed; or (3) Proponent disputes an indemnity claim which the Debtors propose to assume and increases the purchase price to fund the Distribution in respect of the allowed amount of such indemnity claim (other than those referred to in (2) above).

O/S J.V. will indemnify and hold the Distribution Trust harmless in respect of any claim assumed by O/S J.V.; *provided, however*, that the Distribution Trustee shall give O/S J.V. proper notice of any such claim asserted against the Distribution Trust and shall permit O/S J.V. to contest such claim in the name of the Distribution Trustee.

No assets will be left with Allegheny. Following the Effective Date, Proponent will move for the dissolution of Allegheny and notice of such dissolution shall be sent to the Secretary of State for the Commonwealth of Pennsylvania.

#### **D. EFFECT OF PURCHASE OF BANK CLAIMS**

The purchase of claims will not reduce the funds available to consummate the Cash Plan. The claims purchased by the Equity Partnerships were purchased at a discount from the amount which will be paid in respect of such claims under the Cash Plan.

All claims controlled by Proponent will receive the same treatment as the claims of non-affiliated holders. Proponent was a holder of a claim in Class 7.A1.1 as of the Record Date for purposes of voting on the Debtors' Plan. The Court has not yet entered orders pursuant to Bankruptcy Rule 3001(e) substituting Allegheny Banc Claims (I) for the Bank Claimants as the holder of record of the Bank Claims. Under the terms of agreements with Bank Claimants, Proponent, for itself and as general partner of Allegheny Banc Claims (I), reserved the right to direct the voting of the Bank Claims. The Bank Claims were voted against the Debtors' Plan. Proponent intends to cause such Claims to be voted in favor of the Cash Plan.

Balloting on the Stock Plan ended on March 30, 1990. Immediately after the close of the balloting, the Debtors announced that Classes 2.A1.2 (Allegheny Secured Bank Claims), 4.A1.2 (Allegheny Senior Unsecured Claims), 8.A1.1 (Allegheny Preference Stock Interests), and 8.A1.2 (Allegheny Preferred Stock Interests) had voted to reject the Debtors' Plan, and all other impaired classes had voted in favor of the Debtors' Plan. The final voting results presented at the commencement of the Debtors'

confirmation hearing indicated that Class 8.A1.1 (Allegheny Preference Stock Interests) voted to accept the Debtors' Plan. The Official Committee of Equity Holders (the "Equity Committee") and Proponent asked to be present at a recount of those ballots.

Proponent cast approximately one-third (based on the amount of claims voted) of the votes in Classes 2.A1.2 and 4.A1.2 against the Debtors' Plan, although other creditors in those classes voted against the Plan as well. The Debtors filed a motion seeking to have the votes relating to the claims purchased by Japonica disqualified under section 1126(e) of the Bankruptcy Code. The Official Committee of Unsecured Creditors of Allegheny (the "AI Creditors' Committee"), the Bank Group and certain creditors and creditor representatives in Class 7.A1.1, filed papers supporting the Debtors' Motion. If the Debtors' Motion is successful, Classes 2.A1.2 and 4.A1.2 will have accepted the Debtors' Plan.

Proponent and the Equity Committee filed motions seeking to have all votes cast in favor of the Plan disqualified under section 1126(e) on the basis of allegations that members of the Debtors' management participated in the structuring of an offer by Donaldson, Lufkin & Jenrette to acquire the common stock allocable to certain members of Class 2.A1.2 and 4.A1.2 on a "when-issued" basis. The Debtors, the AI Creditors' Committee, the Bank Group and others, oppose this motion. Extensive discovery on the allegations made by both sides has occurred. Both the factual allegations and the legal issues raised in connection with the Debtors' motion, the Equity Committee's Motion and Proponent's Motion are disputed. Both sides believe they will ultimately prevail on the merits.

Proponent and the Equity Committee also have filed other objections to confirmation of the Debtors' Plan, contending that the Plan does not meet the requirements for confirmation set forth in section 1129 of the Bankruptcy Code. The Debtors will contest the objections of Proponent and the Equity Committee. Debtors have advised the court that they will seek confirmation of the Debtors' Plan notwithstanding the failure of Class 8.A1.2 to accept such Plan. Under the Terms of the Debtors' Plan, confirmation of such Plan, notwithstanding the failure of Class 8.A1.2 to accept, would result in no distribution to members of Class 8.A1.2 and Class 9.A1.1 (Common Stock). Under the terms of the Debtors' Plan, the equity interests of those classes will be terminated.

Proponent has filed a motion under section 157(d) of title 28 of the United States Code asking the District Court to withdraw from the Bankruptcy Court consideration of the objections to confirmation filed by Proponent and the section 1126(e) motions, on the basis that determination of those motions and objections would require interpretation of both the Bankruptcy Code and the federal securities laws. The Debtors, the AI Creditors' Committee and the Bank Group are contesting the withdrawal motion. The District Court has not issued a decision on that motion.

At the time of consummation of the Cash Plan, it is contemplated that the following events will be deemed to occur simultaneously:

- (1) The Equity Partnerships will contribute at least \$120 million of capital to RCV, including any claims against Allegheny owned by such Equity Partnerships;
- (2) An amount equal to the Debtors' cash balances (which are expected to be between \$160,000,000 and \$170,000,000) plus cash classified as other assets (which is expected to be at least \$60,000,000) will be available for Distribution;
- (3) The Bank Lenders will advance to SAHL an amount estimated to be \$275.8 million to fund the Distribution Trust as set forth in (4) below;
- (4) Proponent will cause \$605,774,000 (plus or minus Cash Adjustments) to be transferred to the Distribution Trust and \$15 million plus the additional reserve for professional fees to be transferred to the PNB Escrow;
- (5) All Allegheny Assets, except the SAC/Oster Assets will be transferred to RCV, free and clear of all claims and interests of creditors and equity security holders of the Debtors, except as otherwise provided in the Cash Plan;

(6) RCV will transfer to SAHL the Allegheny Assets other than those assets which will be transferred to NMGM;

(7) The SAC/Oster Assets will be transferred to O/S J.V. free and clear of all claims and interests of creditors and equity security holders of the Debtors, except as otherwise provided in the Cash Plan;

(8) The Distribution Trustee shall distribute to holders of Allowed Secured Claims, Allowed Claims and Allowed Interests their Pro Rata share of the initial Distributions due to holders of Allowed Secured Claims, Allowed Claims and Allowed Interests in such holders' class; and

(9) AI's Preference Stock, Preferred Stock and Common Stock shall be cancelled.

In the unlikely event that the initial distribution payable to the Equity Partnerships in respect of their Claims is less than the amount paid by the Equity Partnerships for such Claims, the Equity Partnerships or general or limited partners thereof will make loans or additional equity contributions to RCV in the amount of the difference between the amount paid by the Equity Partnerships for the Claims and the amount distributable in respect of such Claims from the Distribution Trust in connection with the initial distribution. Under the terms of the Equity Partnership Agreements, the limited partners would not be required to contribute such additional funds. However, Proponent would not be looking solely to such limited partners to make up any shortfall.

The following example will illustrate the transfer of funds at the Closing. If Allegheny Banc Claims (I) holds \$65 million of Class 2.A1.2 Claims (Senior Secured) for which it paid \$54.7 million, (ii) the Post-petition Interest Settlement is effective, and (iii) the initial distribution on the Effective Date in respect of its Class 2.A1.2 Claims will be \$57,352,000 even if the Disputed Claims against Allegheny as of the Effective Date were as large as \$96 million and the amount reserved in Holdback I were as large as \$4.088 million. The Distribution Trust will receive from Proponent \$605,774,000 (plus or minus cash Adjustments) on the Effective Date. At the same time as funds are transferred to the Distribution Trust, \$57,352,000 (Initial Distribution on the Class 2.A1.2 Claims) will be transferred from the Distribution Trust. Following the same assumptions, the initial Distribution on the Class 4.A1.2 Claims held by Allegheny Banc Claims (II) will be approximately \$14,745,000. Allegheny Banc Claims (II) paid approximately \$14,384,000 for its Claims.

#### **E. TIMING**

Assuming that the Court enters an order confirming the Cash Plan on or before June 21, 1990, and that 10 days have passed since entry of the Confirmation Order, Japonica expects to consummate its Plan on the eleventh day after entry of the Confirmation Order.

#### **F. EQUITY AGREEMENTS**

Japonica Partners is the general partner of Allegheny Banc Claims (I), which has Mutual Shares Fund, Mutual Qualified Fund, and Mutual Beacon Fund as limited partners (collectively, the "Mutual Series Funds"). This partnership was formed pursuant to a letter agreement dated as of February 2, 1990, amended and restated by letter agreement dated March 19, 1990, between Japonica Partners and the Mutual Series Funds (the "Restated M.S.F. Partnership Agreement"). Pursuant to the terms of this Agreement, the purposes of the Partnership are:

... to acquire by all lawful means the businesses of Allegheny International, Inc. and its subsidiaries (collectively, the "Company"), including through the acquisition of creditors claims and securities (the "Claims") of the Company; to hold, sell, exchange, transfer, vote and otherwise exercise all rights, powers, privileges and other incidents of ownership or possession with respect to the Claims owned by the Partnership; to borrow money in furtherance of the foregoing purposes and secure the payment of such or other obligations of the Partnership; and to enter into, make

and perform all activities and transactions, as the General Partner may deem necessary or advisable to the carrying out of the foregoing purposes. The Partnership may act directly, indirectly through one or more subsidiaries or in conjunction with others, through joint ventures, partnerships or otherwise, in carrying out the foregoing purposes. The Partnership shall have all such powers as are necessary or convenient to carry out the purposes of the Partnership.

Under the terms of paragraph 3 of the Restated M.S.F. Partnership Agreement, the Limited Partners' aggregate capital commitment to the Partnership is \$60,000,000. The Limited Partners also have the right to make additional capital contributions "at such time and in such amount as they, in their sole discretion, shall determine . . .", *provided, however*, that such additional capital contributions shall not exceed \$25,000,000 without the prior approval of Japonica Partners, as general partner.

Pursuant to Section 14(e) of the Restated M.S.F. Partnership Agreement, the obligation of the Limited Partners to fund their capital commitment (i.e., after the initial capital contribution), or any portion thereof, is subject to there being no material adverse change in the business, financial condition, assets or prospects of the Company.

Paragraph 15 of the Restated M.S.F. Partnership Agreement provides that "the General Partner shall have full and complete charge of all affairs of the Partnership, including, without limitation, the right of the General Partner, either itself or through an affiliate, to submit and consummate an acquisition of the Company through a Plan of Reorganization or otherwise. . . ."

Paragraph 22 of the Restated M.S.F. Partnership Agreement acknowledges that the General Partner intends to act as general partner of a partnership with Steinhardt Partners formed for the same or similar purposes of the Partnership, but requires the consent of the Limited Partners before any other such partnership is formed.

Paragraph 31 of the Restated M.S.F. Partnership Agreement provides that the Partnership shall continue until November 2, 1990, *provided, however*, that if the Partnership Assets are contributed to an Acquisition Vehicle formed by the General Partner or an Affiliate for the purposes of acquiring Allegheny International, then the Partnership shall continue until the second anniversary date of such contribution. Allegheny Banc Claims (I) may be dissolved prior to that time, upon the occurrence of one of the following events, which will cause dissolution of the Partnership:

- (i) at any time upon 90 business days' prior written notice given by the General Partner;
- (ii) at any time upon 90 business days' prior written notice given by a majority in interest of the Limited Partners;
- (iii) upon the occurrence of an event specified in the [Rhode Island Limited Partnership Law] as one which would effect a dissolution;
- and (iv) upon the death or disability (for 90 consecutive days) of Paul B. Kazarian or if Paul B. Kazarian ceases to control, directly or indirectly, the General Partner. . . .

The Restated Agreement removed certain provisions included in the February 2, 1990 letter agreement which limited the Limited Partners' obligations to fund the acquisition of Allegheny, and which permitted dissolution at any time by the General Partner or upon 30 days' prior written notice by the Limited Partners.

Pursuant to the terms of a letter agreement dated as of February 2, 1990, amended and restated by letter agreement dated March 19, 1990, Japonica Partners is also the General Partner of Allegheny Banc Claims (II), whose limited partner is Steinhardt Ventures, Inc. (the "Steinhardt Limited Partnership"). Under the terms of the Steinhardt Limited Partnership, Steinhardt has made Capital Commitments to the Partnership in the sum of \$60,000,000. The Restated Steinhardt Limited Partnership Agreement contains essentially the same provisions as the M.S.F. Partnership Agreement. Paragraph 30 which governs dissolution, identifies the following events as causing dissolution:

- (i) at any time upon 90 business days' prior written notice given by the General Partner;
- (ii) upon the occurrence of an event specified in the [Delaware Limited Partnership Law] as one which would effect a dissolution; and (iii) upon the death or disability (for 90 consecutive days) of Paul B. Kazarian or if Paul B. Kazarian ceases to control, directly or indirectly, the General Partner. . . .

The Restated Steinhardt Limited Partnership also removed certain provisions contained in the February 2, 1990 letter agreement which limited the Limited Partners' obligations to fund the acquisition of Allegheny, and which permitted dissolution at any time by the General Partner. Copies of the Equity Partnership Agreements may be obtained from Quik Print, 4 Gateway Center, Pittsburgh, Pennsylvania 15222, (412) 456-1084 at the expense of the requesting party.

#### **G. FEES**

Japonica reserves the right to charge an investment banking fee of \$5 million upon consummation of the Cash Plan. The payment of such a fee would have no effect on distributions to be made to holders of Allowed Claims, Allowed Secured Claims and Allowed Interests under the terms of the Cash Plan. The investment banking fee would be paid by SAHL from funds advanced by the Bank Lenders to SAHL. Eighty percent of any such fee (\$4 million) will be paid to the Equity Partnerships under the terms of the Equity Agreements. Proponent does not contemplate any other such fees.

#### **H. BANK FINANCING**

Proponent has received bank commitment letters totalling \$425 million to finance the Cash Plan. The commitments were received from The Chase Manhattan Bank, N.A., Security Pacific National Bank and Midland Montagu U.S. (the "Bank Lenders"). Proponent was seeking credit facilities aggregating \$350 million. The Bank Lenders have agreed to reduce their commitments on a pro rata basis to \$350 million. Other money center banks are actively seeking inclusion in the lending group. The commitment letters expire between July 31 and August 31, 1990.

Proponent contemplates that approximately \$315.0 million of the Bank Financing will be used to fund Distributions and the Distribution Trust, with approximately \$35.0 million available as a working capital facility for the businesses, Post-Confirmation. The commitments are conditioned on the Debtors having a minimum level of Cash on Hand as of the Effective Date. The Debtors have estimated that they will have cash balances as of March 31, 1990 of somewhere between \$210,000,000 and \$220,000,000, including \$50 million from the sale of Titanium Metals Corporation of America ("TMCA").

Because SAHL will have a projected 12 months' cash flow to interest coverage ratio between 2.8 and 3.0 times, and that ratio increases to 4.1 times in fiscal year 1991, and to 7.2 in fiscal year 1992, Proponent believes that under the terms of the Bank Financing SAHL will be permitted to upstream funds to RCV.

Both the equity commitments of the Equity Partnerships and the loan commitments of the Bank Lenders contain "material adverse change" clauses which relieve such financing sources of the legal obligation to fund their commitments if the Debtors suffer a material adverse change in their business subsequent to the issuance of the commitments. "Material Adverse Change" clauses are customary in all forms of financing commitments. It is anticipated that the Bank Lenders and Equity Partnerships will reaffirm their commitments as of the time of the Court's entry of the order confirming the Debtors' Plan. Unless one of the conditions precedent to consummation has not been satisfied, it is further anticipated that the commitments will be funded on the Effective Date which will occur on the eleventh day after entry of the confirmation order. In order for the commitments not to be funded, a material adverse change would have to occur between the Confirmation Date and the Effective Date. Proponent believes that it is highly unlikely that an event would occur in this time period which would be sufficiently adverse

to the financial condition of the Debtors to cause the Bank Lenders or Equity Partnerships to refuse to fund their commitments.

Funding of the Bank Commitments is subject to a number of other conditions, including the Bank Lenders receiving mortgages on and security interests in substantially all of SAHL's assets and on the assets of SAHL's subsidiaries which guaranty SAHL's obligations to the Bank Lenders; the execution and delivery of loan documentation consistent with the Bank Lenders' Commitments; the Proponent making its cash equity contribution; the receipt by Bank Lenders of legal opinions concerning the Bank Financing; the status of any appeals with respect to the Confirmation Order; the satisfaction or waiver of the conditions to the consummation of the Cash Plan; the receipt of satisfactory reports relating to environmental matters, the solvency of SAHL and the value of its current assets; satisfactory employment arrangements, insurance arrangements and licensing agreements; the nature of any litigation involving SAHL and RCV; and the Bank Lenders' satisfactory review of (i) the terms, conditions and documentation relating to the Cash Plan, (ii) SAHL's tax assumptions and (iii) the corporate, organizational and legal structure of SAHL and certain of its affiliates. Proponent expects to satisfy the conditions of funding.

#### **I. BOARD OF DIRECTORS/MANAGEMENT**

Currently it is expected that the Board of Directors for RCV will include Charles Davidson, General Partner of Steinhardt Partners, Paul B. Kazarian, Peter A. Langerman, Director and Executive Vice President of Mutual Series Fund, Inc., Michael G. Lederman, C.L. Pecchenino, former President and Chief Operating Officer of IC Industries, Inc. and Charles J. Thayer, former Executive Vice President of PNC Financial Corp. Proponent reserves the right to appoint additional directors.

Paul B. Kazarian, who will serve as Chairman of the Board of RCV, is President of P.B. Kazarian Ltd., the founding General Partner of Japonica Partners. Before forming Japonica Partners in 1987, Mr. Kazarian was a Vice President of Goldman, Sachs & Co.

Charles Davidson served as Vice President of Goldman, Sachs & Co. from 1978 through 1985, and since that time has been a General Partner of Steinhardt Partners. Steinhardt Partners, a limited partner in one of the Equity Partnerships and an equity investor under the Cash Plan, is a \$1.5 billion investment fund.

Peter A. Langerman is a Director and Executive Vice President of Mutual Series Fund, Inc. Previously he served as Chief Financial and Accounting Officer. Mr. Langerman practiced law with Weil, Gotshal & Manges from 1983 to 1986, and has been a Certified Public Accountant since 1979. Mutual Series Fund, Inc. is a manager of certain funds which are limited partners in one of the Equity Partnerships. The Equity Partnerships are providing the equity funding under the Cash Plan. Mutual Series Fund manages over \$5 billion in mutual funds.

Michael G. Lederman, who will serve as General Counsel and Secretary of RCV and as General Counsel and Chief Administrative Officer of SAHL, is Chairman of M.G. Lederman Ltd., a General Partner of Japonica Partners. From 1986 to 1988, he was a Vice President in the Investment Banking Division of Goldman, Sachs & Co., where he was a founding member of that firm's workout practice. He practiced law for more than five years with Sidley & Austin and with Shearman & Sterling.

C.L. Pecchenino is a former President and Chief Operating Officer of IC Industries, Inc. (now Whitman Corporation), which owned and operated, among other diversified corporations, Pet Incorporated, Midas International Corporation, Hussmann Corporation and Pepsi-Cola General Bottlers Inc. He previously served as Chairman of Pneumo Abex Corporation, a company owned and operated by IC Industries, Inc. engaged in aerospace and food and drug retailing and wholesaling. He currently serves on the Boards of Directors of Topps Markets, Inc. and Superlo National Insurance Group.

Charles J. Thayer, a private investor, served as Executive Vice President of PNC Financial Corp. from February 1982 to April 1989. Mr. Thayer's experience also includes having been Executive Vice President and Chief Financial Officer of Citizens Fidelity Corporation from 1969 to July 1987, The American Bankers Association's Task Force on Bank Accounting Principles from 1977 to 1981, ABA Chief Financial Officer Executive Committee from 1982 to 1986 and Chairman in 1986. He is currently a trustee and member of the Executive Committee for the National Cystic Fibrosis Foundation.

William R. Webber will be the President and Chief Operating Officer of SAHL. Mr. Webber is an experienced chief executive/operating officer with a broad range of functional experience in the consumer and capital goods industries, including two years as president of Sunbeam Corporation. He started his career with General Electric Company ("GE") having been recruited into GE's Manufacturing Training Program in 1954. Subsequently, he held positions of increasing responsibility across a wide range of disciplines, including marketing, product planning, manufacturing, sales and distribution, strategic planning and general management. From 1973 through 1977, Mr. Webber was General Manager of GE's Housewares Marketing Department (\$300 million in sales).

When Mr. Webber was recruited by Allegheny International, he left GE as the Vice President of its Television Business Division, joining Sunbeam as its president in 1982. At the time, Sunbeam consisted of ten domestic companies with sales exceeding \$600 million.

Mr. Webber left Sunbeam in 1984 and joined the Raymond Corporation, a capital goods manufacturer, as its president and Board member. In 1986, Mr. Webber was elected the company's first non-family CEO. Mr. Webber left the Raymond Corporation in September, 1987 and has conducted a private consulting practice since that time. In late 1989, Mr. Webber began consulting with Japonica with regard to its proposed acquisition, and has been working with Japonica on a full-time, noncompensated basis since that time.

Certain of the RCV directors will also serve as directors of O/S J.V. Such designation will take place prior to confirmation of the Cash Plan. It is anticipated that the officers of O/S J.V. will be selected from the existing officers associated with the SAC/Oster appliance business. Proponent has not entered into negotiations with any such existing officers.

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## VIII. RISK FACTORS TO BE CONSIDERED

### A. DISPUTED CLAIMS

Under the Cash Plan, the resolution of Disputed Claims may decrease the ultimate recovery of Distribution Trust Assets by persons who hold Allowed Claims as of the Effective Date. The Distribution Trustee shall maintain in Holdback I, the Allegheny Holdback and the Chemetron Holdback, sufficient Distribution Trust Assets to fully fund all Distributions which would be required if all Disputed Claims became Allowed Claims. When Distribution Trust Assets are no longer required to fully fund payment of Disputed Claims, they will be made available for Distribution to holders of Allowed Claims. There can be no assurance as to the dollar amount of Distributions which holders of Allowed Claims will receive other than that which they receive on the Effective Date.

A copy of the Debtors' summary of Liquidated Disputed Claims as appended to its Approved Disclosure Statement is attached as Exhibit 5. This Exhibit includes the Debtors' estimates as to the amount of such claims that will ultimately be allowed, but does not include contingent or unliquidated claims, which may affect the totals included in the Exhibit. The Debtors, creditors and parties in interest may seek, under section 502(c) of the Bankruptcy Code, to have the Bankruptcy Court estimate for purposes of allowance disputed, unliquidated and contingent claims. Using this procedure would assist in quantifying the amount of Holdbacks required. Proponent intends to use the section 502(c) estimation procedure to create reserves with respect to disputed, unliquidated and contingent claims. A determination by the Court of the dollar amount of reserves to be deposited in Holdback I, the Allegheny Holdback and the Chemetron Holdback is a condition precedent of consummation of the Cash Plan.

A more detailed description of the status of the Debtors' efforts to reduce the level of Disputed Claims is set forth in "Plan Overview."

### B. EFFECT OF REINSTATED CLAIMS ON HOLDBACKS

The Purchasers, RCV and its subsidiaries are reinstating and/or assuming certain claims against or obligations of the Debtors, including, *e.g.*, assumption of liabilities related to pension plans, retiree benefit plans, environmental claims, product liability claims, workers' compensation claims and indemnities. In the event that the Purchasers are unable to satisfy these liabilities, creditors may assert claims against the Distribution Trust.

### C. POST-PETITION INTEREST CLAIM LITIGATION

If holders of claims in Class 5.SB.1 (Sunbeam General Unsecured Claims), Class 5.SH.1 (Holdings General Unsecured Claims), Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims), or Class 5.SB.3 (Reinstated Sunbeam Debentures) (if not Reinstated), do not accept the settlement of Post-petition Interest Claims provided for in the Cash Plan, each holder of a claim may file a Post-petition Interest Declaration. It is highly probable that the right to receive Post-petition Interest will be contested by various parties in interest in the case. Whether claims for Post-petition Interest will be allowed and, if allowed, the timing of payment of such claims is uncertain. The Bankruptcy Code makes no specific provision for the payment of post-petition interest to a class of claimants that is not impaired under the terms of a plan of reorganization. In a chapter 7 liquidation case, if the proceeds of liquidation are sufficient to pay all allowed unsecured claims, including claims for fines, penalties, forfeitures, and multiple, exemplary and punitive damages, holders of allowed claims are entitled to receive interest at the legal rate from the filing date of the bankruptcy case to the date of payment. In 1984, Congress amended Section 1129(a)(7) of the Bankruptcy Code to provide that the so-called "best interest of creditors" test does not apply to a class of claims or interests which is not "impaired" under the terms of a plan of reorganization. The "best interest of creditors" test, as set forth in Section 1129(a)(7) of the Bankruptcy Code, requires the court to find that each holder of a claim or interest of a class has either accepted the plan or will receive or retain under the plan an amount which is no less than the

amount that such holder of a claim or interest would receive if the debtor were liquidated under chapter 7. Parties-in-interest who will oppose the payment of post-petition interest to an unimpaired class undoubtedly will argue that the 1984 Amendment to the Bankruptcy Code evidences Congress' intent that a plan of reorganization can be confirmed which provides for the payment in full of a class' prepetition allowed claims without making any provision for post-petition interest. They will also argue that section 506(b) of the Bankruptcy Code, which is applicable to chapter 11 cases, provides for post-petition interest to creditors who are fully secured. Thus, they will argue that a bankruptcy court cannot conclude that the absence of statutory authority to pay post-petition interest to an unimpaired class, is an unintended omission by Congress.

If the Bankruptcy Court determines that a holder of a Claim in Class 5.SB.1, 5.SH.1, 5.AL.1, or 5.SB.3 (if not Reinstated) is entitled to Post-petition Interest, the interest rate applicable with respect to such claim is uncertain. While the legal rate of interest in Pennsylvania is 6%, certain transactions may be governed by the law of jurisdictions in which the legal rate of interest is higher or lower than 6%. It is not clear whether or not the Bankruptcy Court must use the legal rate of interest of the jurisdiction in which a transaction arose or the legal rate of the state in which the case is pending (*i.e.*, Pennsylvania). If the Bankruptcy Court determines that a claim for Post-petition Interest must be paid from Holdback I, such interest claim is not payable until there is a Final Order authorizing the payment of interest. It is impossible at this time to determine whether one or more parties-in-interest will appeal any determination by the Court that Post-petition Interest is payable. Likewise, it is not possible at this time to determine the time period between the Bankruptcy Court's determination that a claim for Post-petition Interest should be allowed and the exhaustion of appeals with respect to this issue. In theory, an appeal may be taken to the district court. The district court's decision may be appealed to the Third Circuit Court of Appeals. The decision of the Third Circuit may be submitted for review to the Supreme Court of the United States by way of a petition for a writ of certiorari. An order is a Final Order when the Supreme Court has denied a writ of certiorari, if one is requested, and has denied a motion for rehearing of such denial if a motion for rehearing is requested. It is possible that several years could elapse between the Court's decision to allow a claim for post-petition interest and the order becoming a Final Order. The cost and expenses of litigating a claim are generally borne by the individual claimant.

#### **D. FINANCING**

If the Cash Plan is confirmed and there is a "material adverse change" in the Debtors' business or financial condition between the Confirmation Date and the Effective Date of the Cash Plan, the financing sources could decide not to fund the Cash Plan. For reasons set forth in "The Purchase Transaction—Bank Financing" of the Disclosure Statement, Proponent believes that this risk is negligible.

#### **E. IMPASSE**

If the Cash Plan is not accepted by each impaired class and if the Proponent is unable to satisfy the standards for confirmation of a plan notwithstanding the failure of an impaired class to accept the Plan, the Cash Plan in its present form will not be confirmed. Likewise, if the Debtors are unable to obtain the requisite acceptances of the classes of claims and equity interests impaired under the terms of the Debtors' Plan, the Debtor will have to either seek to confirm their Plan by satisfying the "cram-down" standards as set forth in Code Section 1129(b), or undertake to modify their plan. If neither plan can be confirmed, the Debtors will remain in chapter 11 until such time as a plan of reorganization is filed which can satisfy the standards for confirmation as contained in Code Section 1129.

## IX. ACCEPTANCE AND CONFIRMATION

To confirm the Cash Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Cash Plan, including: (i) that the Cash Plan has classified creditor and shareholder interests in a permissible manner; (ii) that the contents of the Cash Plan comply with the technical requirements of chapter 11 of the Bankruptcy Code; (iii) that the Proponent has proposed the Cash Plan in good faith; (iv) that any payment made, or to be made, by the Proponent, by the Debtor or by a person acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the Plan and incident to the case has been approved by, or is subject to the approval of the Court as reasonable; and, (v) that Proponent has disclosed the identity and affiliations of individuals proposed to serve as officers and directors of the successors to the Debtors. Proponent believes that all of these conditions have been or will be met and will seek rulings of the Bankruptcy Court to this effect at the hearing on confirmation of the Cash Plan.

The Bankruptcy Code also requires that the Cash Plan be accepted by requisite votes of creditors and shareholders, that the Cash Plan be feasible, and that confirmation of the Cash Plan be in the "best interest" (absent unanimity) of the holders in each impaired class of claims or interests. To confirm the Cash Plan, the Bankruptcy Court must find that all of these conditions are met. Thus, even if impaired classes of claims and interests of the Debtors accept the Cash Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Cash Plan's feasibility and whether it is in the best interest of Debtors' creditors and shareholders before it may confirm the Cash Plan. The classification, "best interest," and feasibility conditions to confirmation are discussed below.

### A. CLASSIFICATION OF CLAIMS AND INTERESTS

The Bankruptcy Code requires that a plan of reorganization place each creditor's claim and each shareholder's interest in a class with other claims or interests which are "substantially similar." The dollar amount of a claim is usually not a basis upon which to distinguish it from other claims. However, exceptions to the general rule are permitted in the case of *de minimis* claims and in the case of a separate class of claims consisting of only unsecured claims, each of which is less than or reduced to an amount that the Bankruptcy Court approves as reasonable and necessary for administrative convenience. Proponent believes that the Cash Plan's classification system meets the Bankruptcy Code standard and will ask the Bankruptcy Court to approve the \$500 ceiling placed on Convenience Claims as being reasonable and necessary for administrative convenience.

### B. BEST INTEREST OF IMPAIRED CREDITORS AND SHAREHOLDERS

Notwithstanding acceptance of a plan, as provided for in the Bankruptcy Code, by creditors and equity security holders of each class, in order to confirm a plan the Bankruptcy Court must independently determine that it is in the best interest of all impaired classes of creditors and equity security holders. The "best interest" test requires the Bankruptcy Court to find that a plan provides each member of each impaired class of claims or interests a recovery which has a value at least equal to the value of the distribution which each such person would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

To calculate what members of each impaired class of unsecured creditors and equity security holders would receive if the Debtors were liquidated, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtors' assets if the chapter 11 cases were converted to chapter 7 cases under the Bankruptcy Code and the assets were liquidated by a trustee in bankruptcy (the "Liquidation Value"). The Liquidation Value would consist of the net proceeds from the disposition of the assets of the Debtors, augmented by the cash held by the Debtors and recoveries on actions against third parties.

The Liquidation Value available to general creditors would be reduced by (a) the claims of secured creditors to the extent of the value of their collateral, and (b) the costs and expenses of the liquidation under chapter 7 which would include the compensation of a trustee, as well as compensation of counsel and of other professionals retained by the trustee; disposition expenses; all unpaid expenses incurred by the Debtors during their chapter 11 reorganization proceedings (such as compensation for attorneys, financial advisors and accountants) which are allowed in the chapter 7 proceeding; litigation costs; and claims arising from the operation of the Debtors during the pendency of the chapter 11 reorganization and chapter 7 liquidation proceedings. The liquidation itself would trigger certain priority claims, such as claims for severance pay, and would accelerate other priority payments which would otherwise be payable in the ordinary course, and would also generate an increase in general unsecured claims, such as contract rejection claims and tax, environmental and other governmental claims asserted on an accelerated basis.

Once the percentage recoveries in liquidation of secured creditors, priority claimants, general creditors and equity security holders are ascertained, the value of the distribution available out of the Liquidation Value is compared with the value of the property offered to each of the classes of claims and interests under a plan to determine if it is in the best interest of each member of each impaired creditor and equity security holder class.

(a) **Comparison of Recoveries under Liquidation and the Cash Plan.** The following chart sets forth the Debtors' estimate of the amount each class of claims would receive if the Debtors were liquidated under chapter 7. The chart also sets forth the estimated amount each class will receive under the Cash Plan if the Post-petition Interest Settlement is approved based upon the Debtors' estimate that the ultimate dollar amount of Allowed Claims will be \$722,269,000. See Japonica Partners' Disclosure Statement, Exhibit 7. The Debtors' explanation of the assumptions underlying the liquidation analysis and the estimated distributions under chapter 7 follows the chart.

Class	Allowed Claims (in Thousands)	% Recovery of Allowed Claims		Footnote
		Liquidation(1)	Cash Plan	
2.AI.2	\$186,194	68.2% - 114.9%	102.98%	(2)
4.AI.2	71,550	11.8% - 17.6%	85.67%	(2)
5.AI.1	48,211	6.4% - 6.9%	55.35%	(2)
7.AI.1	111,479	0%	41.50%	(2,3)
8.AI.1	—	0%		(4)
8.AI.2	—	0%		(4)
9.AI.1	—	0%		(4)
5.CH.1	36,253	27% - 29%	87.08%	(2)
5.EX.1	37	38% - 41%	100%	
5.US.1	13	100%	100%	
5.AP.1	5	100%	100%	
5.CI.1	283	100%	100%	
5.EL.1	181	100%	100%	
5.IN.1	53	67% - 73%	100%	
5.IS.1	2	100%	100%	
5.WS.1	331	100%	100%	

NOTE: Recoveries may be higher or lower if the Debtors' estimates as to Allowed Claims of a particular class are not accurate. For example, the recent settlement in principle of a Disputed Claim in Class 5.CH.1 reduced Allowed Claims in that Class to approximately \$33,853,000, which in turn increased that classes' projected recovery to 91.86%.

**Footnotes:**

- (1) From Debtors' Liquidation Analysis (Exhibit 7) and Disclosure Statement.
- (2) Estimated Distribution without adjustment for Distributions that may be delayed or reduced because of Holdbacks.
- (3) Estimated Distribution without adjustment for the OID Escrow or OID dispute.
- (4) Proponent believes that in a liquidation proceeding under chapter 7 of the Code, the present holders of AI Preference Stock Interests (Class 8.AI.1), AI Preferred Stock Interests (Class 8.AI.2), and AI Common Stock Interests (Class 9.AI.1), would not receive any distributions. Under the Cash Plan, these classes will receive:

<u>Class</u>	<u>Cash</u>
8.AI.1	\$3,124,000
8.AI.2	\$3,851,000
9.AI.1	\$1,194,000

(b) **Liquidation Value.** Exhibit 7 to this Disclosure Statement is a liquidation analysis prepared by the Debtors in support of their Plan. Certain numbers used by Proponent in various parts of this Disclosure Statement do not agree with specific items included in the Debtors' Liquidation Analysis. Proponent, however, has no basis to disagree with the ultimate conclusions set forth in the Debtors' Liquidation Analysis. In arriving at a Liquidation Value the Debtors used the following assumptions which they represent to be reasonable:

(i) Estimates of liquidation values of the operating businesses before applicable discounts set forth in the Liquidation Analysis were based primarily on valuation analyses prepared by the Debtors' investment bankers, Smith Barney, Harris Upham & Co. Incorporated ("Smith Barney"). In preparing such valuations, Smith Barney relied without independent verification on certain information provided by the Debtors, including, among other things, the Debtors' Business Plan and estimated operating projections for the four years ended September 30, 1993. These valuations assumed a consummation date of March 31, 1990. At the time the Debtors filed their Plan and Disclosure Statement, the Debtors had not estimated the actual date of consummation. All financial assumptions are qualified in their entirety and may be revised upon the receipt of audited financials for the year ended October 1, 1989, and further evidence of the date at which a plan might be consummated.

(ii) The Liquidation Analysis assumes an orderly liquidation of the operating businesses as going concerns over a period of approximately six months, and that operating businesses are sold to purchasers thereof together with all related intangibles and contractual rights and obligations other than prepetition liabilities. However, under the laws of some states, a purchaser of an operating business may be found to have assumed liabilities of its predecessor under various theories of transferee liability. The sale proceeds of the various businesses have then been discounted overall by 10% to 20% to take into account possible transferee liability of purchasers of such businesses under applicable state law for future product liability claims which might not be addressed in the chapter 7 proceeding, as well as potential environmental liability that might be imposed upon purchasers of the Debtors' businesses and assets and, finally, the impact on the value of the businesses of a chapter 7 liquidation.

(iii) Liquidation proceeds arising from "Other Assets" were valued at \$7.5 million for Sunbeam, \$29.2 for Allegheny International ("AI"), and insignificant for the other Debtors. Other assets consist principally of real estate, businesses and various other assets (see Liquidation Analysis, Exhibit 7).

(iv) In the calculation of the liquidation proceeds available to AI secured creditors "Other Collateral Available" was valued at \$58.4 million to \$59.6 million. This collateral is the value of the stock of AI-Industrial, AI Exercise Co. and Chemetron who are Debtors in this plan and Almet/Lawnlite of Delaware, a non-debtor. The principal assets of these companies are their

assumed recoveries on their intercompany balances due from AI or an affiliate and the estimated proceeds from the sale of Almet/Lawnlite of Delaware's investment in Titanium Metals Corporation of America.

(v) In the Liquidation Analysis it is estimated that there will be no tax liabilities. Such estimates were calculated by analysis of the gain on disposition of businesses and the application of the Company's available tax benefits.

(c) **Liquidation Recoveries.** In analyzing the priorities and amounts of claims to be satisfied out of the Liquidation Value, the Debtors used the following assumptions which they represent are reasonable:

(i) Separate liquidation of operating businesses and other assets for Sunbeam (including Almet/Lawnlite and Holdings) and AI were assumed. The other Debtors' liquidation proceeds were assumed to be their recoveries from the AI Intercompany account. It has been assumed that for any distribution that exceeds the amount necessary to pay third party claimants, such excess, in the case of those subsidiaries whose stock is included in the collateral of the AI secured bank creditors, is added to the amounts available for distribution to the AI secured bank creditors. In the case of those subsidiaries whose stock is not included in the collateral of the secured bank creditors, such excess is added to the amounts available for distribution to the unsecured creditors of AI.

(ii) Within the class of general unsecured creditors along with commercial creditors are intercompany claims and nonoperating expenses. Nonoperating expenses consist of accelerated claims for payment of pension benefits; health and insurance benefits for retirees; potential government environmental claims, assertion of which would probably be accelerated upon liquidation; and insurance company claims and debts assigned to third parties for which the Debtors remain primarily or contingently liable. In valuing these liabilities for purposes of the Liquidation Analysis (see Exhibit 7) the Debtors estimated that liquidation would have a significant adverse impact.

### C. ACCEPTANCE

As a condition to confirmation, the Bankruptcy Code requires that each impaired class of claims or interests accept a plan, with the exceptions described in the following section. The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of two-thirds in dollar amount and a majority in number of claims of that class, but for that purpose counts only those who actually vote to accept or reject a plan. The Bankruptcy Code defines acceptance of a plan by a class of interests (equity securities) as acceptance by two-thirds of the number of shares, but for this purpose counts only shares actually voted. Holders of claims and interests who fail to vote are not counted as either accepting or rejecting a plan. Each holder of a security issued under an indenture may vote with respect to such security. Indenture trustees cannot vote on the plans on behalf of such holders.

Classes of claims and interests that are not "impaired" under the plans, are deemed to have accepted the plans. Acceptances of the plans are being solicited from those persons who hold claims or interests of impaired classes. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified, other than by curing defaults and reinstating maturities or by payment in full in cash. Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1, 8.AI.1, 8.AI.2, 9.AI.1 and 5.CH.1, are impaired under the Cash Plan. To simplify the voting procedure, ballots have been sent to the known holders of all impaired claims against and interests in Debtors as of the Record Date, including Disputed Claims to which Debtors have filed objections. However, as previously noted, only the holders of Allowed Claims and Interests (or claims and interests which are deemed allowed) may vote. A claim or interest to which an objection has been filed is not an Allowed Claim or Interest unless the Bankruptcy Court rules on the objection and allows the claim or interest. The Bankruptcy Court may temporarily allow a Disputed Claim for purposes of voting on a plan. Therefore, although the

holders of claims or interests to which objections have been filed will receive ballots, their votes will not be counted unless temporarily allowed by the Bankruptcy Court for purposes of voting on the plans.

#### **D. CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES: CRAMDOWN**

The Bankruptcy Code contains provisions for confirmation of a plan even if the plan is not accepted by all impaired classes, so long as at least one impaired class of claims has accepted a plan. These "cramdown" provisions for confirmation of a plan despite the non-acceptance of one or more impaired classes of claims or interests are set forth in section 1129(b) of the Bankruptcy Code.

Section 1129(b)(i) of the Bankruptcy Code provides that a plan may be confirmed over the objection of a dissenting class if the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class that has rejected the plan. To determine whether a plan is "fair and equitable" with respect to a particular class, the proponent of the plan would have to demonstrate, among other things, (a) that with respect to a class of secured claims that rejects a plan, (i) that the lien securing the claims of members of the class is to be left in place and the holders of the claims will receive deferred cash payments of a present value equal to the lesser of the amount of such claims or the value of the collateral securing such claims; (ii) that the collateral securing the claims be sold free of the lien with the lien attaching to the proceeds and with such lien on the proceeds being treated under one of the two other standards described in this paragraph; or (iii) a treatment for the claim that is the "indubitable equivalent" of the claim; (b) that with respect to a class of unsecured claims that rejects a plan, (i) each holder of a claim included in the rejecting class receives or retains on account of that claim property which has a value, as of the Effective Date, equal to the allowed amount of such claim; or (ii) the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all; and (c) that with respect to a class of equity interests that rejects a plan, (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property which has a value, as of the Effective Date, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (ii) the holder of any interest that is junior to the interest does not receive any property at all.

If any of Class 8.A1.1 (Allegheny Preference Stock Interests) or Class 8.A1.2 (Allegheny Preferred Stock Interests) or 9.A1.1 (Allegheny Common Stock Interest) fails to accept the Cash Plan in accordance with Code section 1126, then Proponent will seek to have such nonaccepting class together with any class or classes junior thereto not receive any Distribution under this Plan. In such event, the purchase price will be reduced by the dollar amount of distributions allocated to these classes.

In determining whether a plan is "fair and equitable" to a dissenting class of shareholders, the Court would have to conduct a hearing to determine the reorganization value of the Debtors. If the Court were to determine that the Reorganization Value (including the value of the Bank Litigation) exceeded the liabilities of the Debtors, including the interest of any senior class of interests, then the plan could not be confirmed over the objection of the dissenting class. If, however, the Reorganization Value of Allegheny was determined to be less than Allegheny's liabilities, then the plan could be confirmed over the objection of the dissenting class. Although the Proponent of the Cash Plan believes that Allegheny's Reorganization Value is less than the aggregate amount of Allowed Claims against Allegheny, no determination has yet been made by the Court on this issue.

If any impaired class of Claims or equity interests of any Debtor fails to accept this Plan in accordance with section 1126 of the Bankruptcy Code, the Proponent, at its option, reserves the right to request that the Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code.

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## X. ALTERNATIVES TO THE PLAN

Proponent believes its Cash Plan, which distributes cash instead of stock or warrants, provides substantial values to creditors and equity security holders. The alternatives to confirmation of the Cash Plan are confirmation of the Debtors' Plan, the submission of an alternative plan or plans of reorganization by Debtors or by any other party in interest, or the liquidation of each Debtor.

Proponent has submitted a plan of reorganization that makes cash distributions to creditors and equity security holders because it believes that the Cash Plan provides for greater recoveries to the Debtors' creditors and Allegheny's equity security holders than would any plan which proposes to distribute equity securities in the present circumstances. Persons voting on the Plans should examine both disclosure statements and make their own determination on how to vote.

Alternatively, a liquidation of each Debtor could be conducted as described in Section IX of this Disclosure Statement. For the reasons described in that Section, Proponent believes that the distributions to each impaired class under the Cash Plan will be greater and earlier than distributions which would be made from proceeds of a chapter 7 liquidation. Proponent therefore believes that confirmation of the Cash Plan is in the best interests of all classes of claimants and equity interests and is clearly preferable in terms of recovery to creditors and Allegheny Shareholders when compared to the alternatives described above.

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## XI. ADDITIONAL INFORMATION

The Bankruptcy Court will hold a hearing on confirmation of the Plan commencing on June 21, 1990, at 10:00 a.m., in Courtroom 1603, 16th Floor, William S. Moorhead Federal Building, 1000 Liberty Avenue, Pittsburgh, Pennsylvania 15219. Any objections to confirmation of the Plan must be in writing and must be filed with the Court and served on or before June 14, 1990. Counsel on whom objections must be served are listed in the notice of the hearing to consider confirmation of the Plan.

Additional copies of this Disclosure Statement may be obtained by writing to or calling Japonica's Information Agent:

Georgeson & Company, Inc.  
One Wall Street Plaza  
New York, New York 10005

Telephone: 1-800-223-2064

JAPONICA PARTNERS, L.P.

By: \_\_\_\_\_ /s/ P. B. KAZARIAN  
P.B. Kazarian Ltd.  
*General Partner*  
Paul B. Kazarian, *President*

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EXHIBIT I

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE:

ALLEGHENY INTERNATIONAL,  
INC., SUNBEAM CORPORATION,  
SUNBEAM HOLDINGS, INC.,  
ALMET/LAWNLITE, INC.,  
CHEMETRON CORPORATION,  
INTEGRATED SPECIALTIES,  
INC., ALLEGHENY  
INTERNATIONAL (USA), INC.,  
AL-INDUSTRIAL PRODUCTS,  
INC., ALLEGHENY INTERNATIONAL  
EXERCISE CO., WOODSHAFT, INC.,  
CHEMETRON INVESTMENTS, INC.,  
INFOSWITCH, INC. AND  
ELISKIM, INC.

Debtors.

Jointly Administered at 88-448  
Chapter 11

Honorable Joseph L. Cosetti  
United States Bankruptcy Judge

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JAPONICA PARTNERS, L.P. FOURTH AMENDED  
JOINT PLAN OF REORGANIZATION

April 5, 1990, As Amended

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Japonica Partners, L.P., a Rhode Island Limited Partnership (the "Proponent"), hereby proposes and files the following Plan of Reorganization for the above-captioned Debtors.

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## TABLE OF CONTENTS

		<u>Page</u>
ARTICLE 1	DEFINITIONS AND RULES OF CONSTRUCTION .....	1-1
1.1	Administrative Compensation Claim .....	1-1
1.2	Administrative Expense Claim .....	1-1
1.3	Affiliate .....	1-1
1.4	AI Equity .....	1-1
1.5	AI Exercise Co. or EX .....	1-1
1.6	AI Exercise Co. Common Stock .....	1-1
1.7	AI (USA) or US .....	1-1
1.8	AI (USA) Common Stock .....	1-1
1.9	AL-Industrial Products or AP .....	1-1
1.10	AL-Industrial Products Common Stock .....	1-1
1.11	Allegheny or AI .....	1-1
1.12	Allegheny Assets .....	1-2
1.13	Allegheny Common Stock .....	1-2
1.14	Allegheny Preference Stock .....	1-2
1.15	Allegheny Preferred Stock .....	1-2
1.16	Allowed Administrative Compensation Claim .....	1-2
1.17	Allowed Administrative Expense Claim .....	1-2
1.18	Allowed Claim .....	1-2
1.19	Allowed Interest .....	1-2
1.20	Allowed Priority Claim .....	1-2
1.21	Allowed Secured Claim .....	1-2
1.22	Allowed Tax Claim .....	1-3
1.23	Aimet/Lawnlite .....	1-3
1.24	Aimet/Lawnlite Common Stock .....	1-3
1.25	Asset Purchases .....	1-3
1.26	Asset Purchase Proceeds .....	1-3
1.27	Assumed Indemnity Claims .....	1-3
1.28	Assumed Liability Indemnity .....	1-3
1.29	Ballot Time .....	1-3
1.30	Bankruptcy Rules .....	1-3
1.31	Binding Compensation Estimate .....	1-3
1.32	Business Day .....	1-4
1.33	Cash .....	1-4
1.34	Cash Adjustments .....	1-4
1.35	Cash on Hand .....	1-4
1.36	Chemetron or CH .....	1-4
1.37	Chemetron Common Stock .....	1-4
1.38	Chemetron Investments or CI .....	1-4
1.39	Chemetron Investments Common Stock .....	1-4
1.40	Claim .....	1-4
1.41	Code .....	1-5
1.42	Confirmation Date .....	1-5
1.43	Confirmation Order .....	1-5
1.44	Court .....	1-5
1.45	Debtors .....	1-5
1.46	Disbursing Agent .....	1-5
1.47	Disputed Claim .....	1-5
1.48	Disputed Claims Committee .....	1-5

	<u>Page</u>
1.49	Distribution(s) . . . . . 1-5
1.50	Distribution Date . . . . . 1-5
1.51	Distribution Trust . . . . . 1-5
1.52	Distribution Trust Assets . . . . . 1-5
1.53	Distribution Trustee . . . . . 1-5
1.54	Effective Date . . . . . 1-5
1.55	Eliskim or EL . . . . . 1-6
1.56	Eliskim Common Stock . . . . . 1-6
1.57	Estate . . . . . 1-6
1.58	Filing Date . . . . . 1-6
1.59	Final Order . . . . . 1-6
1.60	General Unsecured Claims . . . . . 1-6
1.61	Holdback . . . . . 1-6
1.62	Holdings or SH . . . . . 1-6
1.63	Holdings Common Stock . . . . . 1-6
1.64	Indenture Trustee . . . . . 1-6
1.65	Infoswitch or IN . . . . . 1-6
1.66	Infoswitch Common Stock . . . . . 1-6
1.67	Integrated Specialties or IS . . . . . 1-6
1.68	Integrated Specialties Common Stock . . . . . 1-6
1.69	Intercompany Claim . . . . . 1-6
1.70	Interest . . . . . 1-6
1.71	Liberty Mutual Settlement . . . . . 1-6
1.72	Lodestar Amount . . . . . 1-7
1.73	NMGM . . . . . 1-7
1.74	Notice of Confirmation . . . . . 1-7
1.75	Official AI Creditors' Committee . . . . . 1-7
1.76	Official Sunbeam Creditors' Committee . . . . . 1-7
1.77	OID Escrow . . . . . 1-7
1.78	O/S J.V. . . . . 1-7
1.79	Other Public Debt . . . . . 1-7
1.80	Outstanding Securities . . . . . 1-7
1.81	Paying Agent . . . . . 1-7
1.82	Paying Agent Fees . . . . . 1-7
1.83	Plan or Cash Plan . . . . . 1-7
1.84	PNB Escrow Account . . . . . 1-7
1.85	Post-petition Interest . . . . . 1-8
1.86	Post-petition Interest Declaration . . . . . 1-8
1.87	Post-petition Interest Settlement . . . . . 1-8
1.88	Priority Claim . . . . . 1-8
1.89	Product Liability Claims . . . . . 1-8
1.90	Professional Fees . . . . . 1-8
1.91	Proper Address . . . . . 1-8
1.92	Proponent . . . . . 1-8
1.93	Pro Rata . . . . . 1-8
1.94	Public Subordinated Debt . . . . . 1-8
1.95	Public Subordinated Debt Trust Indentures . . . . . 1-8
1.96	Purchase Price . . . . . 1-9
1.97	RCV . . . . . 1-9
1.98	RCV Assumed Liabilities . . . . . 1-9
1.99	Record Date . . . . . 1-9



		<u>Page</u>
1.100	Reinstated or Reinstatement .....	1-9
1.101	Reinstated Claims .....	1-9
1.102	Reinstated Aetna Claims .....	1-9
1.103	Reinstated AI Compensatory Damage Claims .....	1-9
1.104	Reinstated Barclays Bank Claim .....	1-9
1.105	Reinstated Cars & Concepts Claims .....	1-9
1.106	Reinstated Continental Casualty Company Claim .....	1-10
1.107	Reinstated Debt and Capital Leases .....	1-10
1.108	Reinstated Disability Claims .....	1-11
1.109	Reinstated Environmental Claims .....	1-11
1.110	Reinstated Environmental Compliance Obligations .....	1-11
1.111	Reinstated Intercompany Claims .....	1-11
1.112	Reinstated Liberty Mutual Insurance Claims .....	1-11
1.113	Reinstated Metropolitan Federal Claim .....	1-11
1.114	Reinstated Pension Claims .....	1-12
1.115	Reinstated Retiree Benefit Claims .....	1-12
1.116	Reinstated Sunbeam Debentures .....	1-12
1.117	Reinstated Surviving Spouse Benefit Claims .....	1-12
1.118	Reinstated Textron Claims .....	1-12
1.119	Reinstated Tort Claims .....	1-12
1.120	Reinstated Welmoore Claims .....	1-12
1.121	Reinstated Workers' Compensation Claims .....	1-12
1.122	Reinstated Workers' Compensation Insurance Claims .....	1-12
1.123	Related Debtors .....	1-12
1.124	Reorganization Cases .....	1-12
1.125	SAC/Oster .....	1-13
1.126	SAC/Oster Administrative Expense Claims .....	1-13
1.127	SAC/Oster Assets .....	1-13
1.128	SAC/Oster Assumed Liabilities .....	1-13
1.129	SAC/Oster Reinstated Claims .....	1-13
1.130	Subordinated Debentures .....	1-13
1.131	Subsidiary .....	1-13
1.132	Sunbeam or SB .....	1-13
1.133	Sunbeam Common Stock .....	1-13
1.134	Sunbeam Americas Holdings, Limited or SAHL .....	1-13
1.135	Tax Claim .....	1-13
1.136	Tax Claim Indemnity .....	1-13
1.137	Taxes .....	1-13
1.138	Tax Notes .....	1-14
1.139	Unclaimed Property .....	1-14
1.140	Unclaimed Property Fund .....	1-14
1.141	Woodshaft or WS .....	1-14
1.142	Woodshaft Common Stock .....	1-14
1.143	Rule for Interpreting Undefined Terms .....	1-14
1.144	Rules of Construction .....	1-14
ARTICLE 2	CLAIMS COMMON TO ALL DEBTORS .....	1-14
2.1	Overview .....	1-14
2.2	Administrative Expense Claims, Administrative Compensation Claims and Priority and Tax Claims .....	1-15
2.3	Convenience Claims .....	1-15

		<u>Page</u>
ARTICLE 3	CLASSIFICATION OF CLAIMS AND INTERESTS BY INDIVIDUAL DEBTORS .....	1-15
3.1	AI Exercise Co. ....	1-15
3.2	AI (USA) .....	1-15
3.3	AL-Industrial Products .....	1-15
3.4	Allegheny .....	1-15
3.5	Almet/Lawnlite .....	1-16
3.6	Chemetron .....	1-16
3.7	Chemetron Investments .....	1-17
3.8	Eliskim .....	1-17
3.9	Holdings .....	1-17
3.10	Infoswitch .....	1-17
3.11	Integrated Specialties .....	1-17
3.12	Sunbeam .....	1-17
3.13	Woodshaft .....	1-18
ARTICLE 4	TREATMENT OF PRIORITY, ADMINISTRATIVE AND TAX CLAIMS, REINSTATED CLAIMS, AND OTHER UNIMPAIRED CLASSES .....	1-18
4.1	Overview .....	1-18
4.2	Administrative Expense Claims, Administrative Compensation Claims, and Priority and Tax Claims .....	1-18
4.3	Convenience Claims .....	1-19
4.4	AI Exercise Co. ....	1-19
4.5	AI (USA) .....	1-19
4.6	AL-Industrial Products .....	1-19
4.7	Allegheny .....	1-19
4.8	Almet/Lawnlite .....	1-20
4.9	Chemetron .....	1-20
4.10	Chemetron Investments .....	1-20
4.11	Eliskim .....	1-20
4.12	Holdings .....	1-21
4.13	Infoswitch .....	1-21
4.14	Integrated Specialties .....	1-21
4.15	Sunbeam .....	1-21
4.16	Woodshaft .....	1-22
ARTICLE 5	TREATMENT OF IMPAIRED CLASSES .....	1-22
5.1	Overview .....	1-22
5.2	Allegheny .....	1-22
5.3	Chemetron .....	1-23
ARTICLE 6	STRUCTURED SETTLEMENTS .....	1-24
6.1	Institutional Structured Settlements .....	1-24
6.2	Dismissal of Post-petition Claims Litigation .....	1-24
ARTICLE 7	MEANS FOR EXECUTION OF THE PLAN .....	1-25
7.1	Asset Purchase .....	1-25
7.2	Distribution Trust .....	1-26
7.3	Unliquidated and Contingent Claims—Estimation Procedure .....	1-27

	<u>Page</u>	
7.4	Unimpaired Classes—Initial Distributions; Unpaid Claims Reserves; Disputed Claims Distributions .....	1-27
7.5	Resolution of Claims for Post-petition Interest .....	1-27
7.6	Impaired Classes—Initial Distributions; Disputed Claims Distributions .....	1-28
7.7	Holdbacks .....	1-28
7.8	Distributions to Equity Holders .....	1-29
7.9	Unclaimed Property .....	1-29
7.10	Timely Filing of Binding Compensation Estimates; Condition for Compensation or Expense Reimbursement Under Code sections 327, 328, 330, 503(b) (2 through 6) or 1103 .....	1-29
7.11	Special Provisions Relating to Distributions to Holders of Public Subordinated Debt and Other Public Debt, and the Reinstated Sunbeam Debentures ..	1-30
7.12	Termination of Indenture Trustee's Duties and Release of Trustees and Agents .....	1-32
7.13	Distributions of Cash; Fractional Dollar Payments .....	1-32
7.14	Surrender of Outstanding Securities .....	1-32
7.15	Disputed Payments .....	1-32
7.16	Withholding Taxes .....	1-32
7.17	Cramdown .....	1-33
7.18	Resolution of OID Escrow .....	1-33
7.19	Committee to Oversee Settlements of Disputed Claims .....	1-33
ARTICLE 8	EFFECT OF THE PLAN ON CLAIMS AND INTERESTS .....	1-34
8.1	Sale of Assets Free and Clear .....	1-34
8.2	Discharge .....	1-34
8.3	Claims and Interests Satisfied Out of Distribution Trust .....	1-34
8.4	Defenses Retained .....	1-34
8.5	Allowance of Certain Claims .....	1-34
8.6	Allegheny to Be Dissolved .....	1-35
ARTICLE 9	EXECUTORY CONTRACTS AND CONDITIONS .....	1-35
9.1	Executory Contracts and Unexpired Leases: Assumption, Rejection and Bar Date for Rejection Claims .....	1-35
9.2	Conditions to Confirmation .....	1-35
9.3	Conditions to Consummation .....	1-36
9.4	Conditions Under Which Proponent Will Withdraw Plan .....	1-36
ARTICLE 10	ADMINISTRATIVE PROVISIONS .....	1-37
10.1	Directors of the Reorganized Company .....	1-37
10.2	Retention of Jurisdiction .....	1-37
10.3	Governing Law .....	1-37
10.4	Amendments; Modifications .....	1-37
10.5	Withdrawal of Plan .....	1-38
10.6	Successors and Assigns .....	1-38
10.7	Plan Controls .....	1-38
10.8	Committees .....	1-38

## EXHIBITS

- A. Form of Distribution Trust Agreement
- B. Schedule of Members of Class 5.SB.7 and Amount of Claim for Other Charges
- C. Form of Release
- D. Schedule of Assets and Liabilities of NMGM, Inc.
- E. Schedule of Allowed Bank Claims—Class 2.A1.2

## ARTICLE 1

### DEFINITIONS AND RULES OF CONSTRUCTION

In this Plan unless otherwise provided, the following terms shall have the meanings set forth below. This Plan and the terms used herein shall be interpreted in accordance with this Article I.

1.1 **Administrative Compensation Claim** means a Claim for payment of an administrative expense of a kind specified in section 503(b)(2 through 6) of the Code and referred to in section 507(a)(1) of the Code, for compensation or expense reimbursement pursuant to Code sections 327, 328, 330, and 1103, including any claim for substantial contribution under section 503(b)(3), but excluding compensation to professional persons retained in the ordinary course of the Debtors' business.

1.2 **Administrative Expense Claim** means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Code and referred to in section 507(a)(1) of the Code, including, without limitation, the actual, necessary costs and expenses incurred after the commencement of the Reorganization Cases of preserving the Estates and operating the businesses of the Debtors, including wages, salaries, or commissions for services, compensation to professional persons retained in the ordinary course of the Debtors' business, and all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, and including SAC/Oster Administrative Expense Claims, but excluding any Administrative Compensation Claims.

1.3 **Affiliate** means with respect to any of the Debtors, any corporation, partnership or other entity which, directly or indirectly, controls, is controlled by or is under common control with such corporation, excluding natural persons. With respect to any entity other than any of the Debtors, a governmental unit or a natural person, Affiliate means any corporation, partnership, association or other entity which, directly or indirectly, controls, is controlled by or is under common control with such entity. For purposes of this definition, the term "control" means the ownership of more than 50 percent of the beneficial interest in the corporation or other entity referred to.

1.4 **AI Equity** means Classes 8.AI.1 (Allegheny Preference Stock Interests), 8.AI.2 (Allegheny Preferred Stock Interests) and 9.AI.1 (Allegheny Common Stock Interests), taken as a group.

1.5 **AI Exercise Co. or EX** means Allegheny International Exercise Co., a Delaware corporation and a Debtor.

1.6 **AI Exercise Co. Common Stock** means the issued and outstanding common stock, par value \$1.00 per share, of AI Exercise Co.

1.7 **AI (USA) or US** means Allegheny International (USA), Inc., a Delaware corporation and a Debtor.

1.8 **AI (USA) Common Stock** means the issued and outstanding common stock, par value \$ 1.00 per share, of AI (USA).

1.9 **AL-Industrial Products or AP** means AL-Industrial Products, Inc., a Pennsylvania corporation and a Debtor.

1.10 **AL-Industrial Products Common Stock** means the issued and outstanding common stock, par value \$ 1.00 per share, of AL-Industrial Products.

1.11 **Allegheny or AI** means Allegheny International, Inc., a Pennsylvania corporation and a Debtor.

1.12 **Allegheny Assets** means all of the property of Allegheny, including all legal or equitable interests, all tangible and intangible property, causes of action, and any and all other property which constitutes property of the Allegheny Estate pursuant to section 541 of the Bankruptcy Code, and including Cash on Hand and the capital stock of all Subsidiaries and Affiliates; *but excluding* the SAC/Oster Assets.

1.13 **Allegheny Common Stock** means the issued and outstanding common stock, par value \$0.66 $\frac{2}{3}$  per share, of Allegheny.

1.14 **Allegheny Preference Stock** means the issued and outstanding \$2.19 Cumulative Preference Stock, without par value, of Allegheny.

1.15 **Allegheny Preferred Stock** means the issued and outstanding \$11.25 Convertible Preferred Stock, without par value, of Allegheny.

1.16 **Allowed Administrative Compensation Claim** means all or that portion of any Administrative Compensation Claim which has been allowed by a Final Order.

1.17 **Allowed Administrative Expense Claim** means all or that portion of any Administrative Expense Claim which either (a) has been allowed by a Final Order, or (b) was incurred by the Debtors in the ordinary course of business during the Reorganization Cases and to which no objection is pending.

1.18 **Allowed Claim** means a Claim, other than an Allowed Secured Claim, Administrative Expense Claim, Administrative Compensation Claim or a Claim for Post-petition Interest, (i) as to which (a) no proof has been filed with the Court and (b) the liquidated and non-contingent amount of which is scheduled by Debtors pursuant to the Code as undisputed, or (ii) as to which proof has been timely filed in a liquidated and non-contingent amount with the Court or with AI as agent for the Clerk of the Court pursuant to the Code or any order of the Court, or late filed with leave of the Court after notice and a hearing, *provided that* (a) no objection to the allowance of such Claim or motion to expunge such Claim has been interposed before any final date for the filing of such objections or motions set forth in the order of the Court confirming the Plan or (b) if such objection or motion has been filed, such objection or motion has been overruled by a Final Order, or such Claim has otherwise been allowed by a Final Order.

1.19 **Allowed Interest** means any Interest in any Debtor, exclusive of any shares of such stock held in treasury, which is registered as of the Record Date in the stock register maintained by or on behalf of the Debtor and as to which no objection has been made or which has been allowed (and only to the extent allowed) by a Final Order.

1.20 **Allowed Priority Claim** means all or that portion of any Priority Claim which is or has become an Allowed Claim.

1.21 **Allowed Secured Claim** means a Claim (i) all or any portion of which is secured by a lien on property in which a Debtor has an interest, to the extent of the value of the interest of the holder of such Claim in such property of the Debtor, together with such interest and reasonable fees, costs and charges as may be allowed by the Court under Code section 506(b), (ii) either (a) scheduled by any of the Debtors pursuant to the Code as undisputed, other than a Claim scheduled as disputed, contingent or unliquidated, and as to which no proof of Claim has been timely filed or (b) proof of which has been timely filed in a liquidated and non-contingent amount with the Court pursuant to the Code or any order of the Court, or late filed with leave of the Court after notice and a hearing, and (iii) either (a) no objection to the allowance of which or a motion to expunge which has been interposed before any final date for the filing of such objections or motions set forth in the order of the Court confirming the Plan, or (b) any

objection to the allowance of which or a motion to expunge which has been overruled by a Final Order, (c) which is an Allowed Secured Claim pursuant to the Confirmation Order, or (d) which has otherwise been allowed by a Final Order. A proof of claim shall be deemed filed in a liquidated amount if the amount of the Claim as of the Filing Date was liquidated, even if the amounts allowable under Code section 506(b) were unliquidated on the Filing Date.

1.22 **Allowed Tax Claim** means all or that portion of any Tax Claim which is or has become an Allowed Claim.

1.23 **Almet/Lawnlite** means Almet/Lawnlite, Inc., a California corporation and a Debtor.

1.24 **Almet/Lawnlite Common Stock** means the issued and outstanding common stock, par value \$ 1.00 per share, of Almet/Lawnlite.

1.25 **Asset Purchases** shall mean the transaction pursuant to which RCV, Inc., shall acquire the Allegheny Assets, and O/S J.V. shall acquire the SAC/Oster Assets, pursuant to section 7.1 hereof.

1.26 **Asset Purchase Proceeds** means the cash received by the Distribution Trust pursuant to the Asset Purchases.

1.27 **Assumed Indemnity Claims** include all Claims against the Debtors for indemnity, except (i) where the Claim underlying the indemnity is disallowed pursuant to section 502(e)(2)(i) of the Code; (ii) where the Claim relating to the indemnity is disputed by the Debtors by reason of such claim being contingent, unliquidated or disputed; or (iii) where the Proponent or RCV or O/S J.V. disputes an indemnity Claim which the Debtors propose to assume in the Debtors' Plan, and pays to the Distribution Trust the amount required to fund the Distribution in respect of any such Claim, when such Claim becomes an Allowed Claim.

1.28 **Assumed Liability Indemnity** means the indemnities given to the Distribution Trust by RCV and O/S J.V. pursuant to sections 7.1(f) and (g) hereof, respectively, under which RCV and O/S J.V. will indemnify and hold the Distribution Trust harmless in respect of any claim asserted against the Distribution Trust based on an RCV Assumed Liability, or a SAC/Oster Assumed Liability.

1.29 **Ballot Time** means the time set by the Court by which all votes for acceptance or rejection of the Plan must be received, which is June 8, 1990 at 5:00 p.m., Eastern Daylight Time.

1.30 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, as amended, and the local rules of the Court, as applicable from time to time to the Reorganization Cases.

1.31 **Binding Compensation Estimate** means, with respect to any person or entity retained or requesting allowance of an Administrative Compensation Claim, a binding written estimate, to be filed at the time set for the hearing on Confirmation, of the maximum amount of compensation and reimbursement of expenses to be requested in the Reorganization Cases (including any request for compensation for substantial contribution in the Reorganization Cases), which binding estimate shall expressly relinquish any right such person might have at a later date to seek or claim, directly or indirectly, any amount for compensation in excess of such estimate on account of or with respect to services performed by it in connection with the Reorganization Cases. A Binding Compensation Estimate shall include any and all amounts requested or to be requested for compensation or reimbursement of expenses in the Reorganization Cases and shall separately set forth (i) amounts requested in interim applications for compensation which were not included in orders of the Court authorizing payment of interim compensation; (ii) amounts requested in applications for interim compensation where the Court as of the date the Binding Compensation Estimate is filed has not entered any order awarding interim compensation; (iii) an estimated amount of Professional Fees based on a Lodestar Amount and expenses to be incurred from the last interim application for fees through

and including 90 days following the Confirmation Date; (iv) any amounts for extraordinary compensation above the Lodestar Amount; and (v) any amounts requested for substantial contribution. A Binding Compensation Estimate shall not include any amounts for Professional Fees or expenses previously requested in interim applications which were disallowed by the Court.

1.32 **Business Day** means any day except Saturday, Sunday or any other day on which commercial banks in Pittsburgh, Pennsylvania, Los Angeles, California, or New York, New York, are authorized by law to close.

1.33 **Cash** means cash and cash equivalents, including but not limited to bank deposits, checks and other similar items.

1.34 **Cash Adjustments** means the adjustments to the Purchase Price and/or the cash paid by RCV and O/S J.V. into the Distribution Trust and includes:

- (a) the decrease in the Purchase Price by the aggregate amount paid by the Debtors, or the aggregate amount of any administrative expense incurred by the Debtors, for or relating to any lending commitments entered into by the Debtors subsequent to March 25, 1990 and prior to the Effective Date;
- (b) the decrease in the Purchase Price which occurs pursuant to section 7.17 of the Plan if any of Classes 7.AI.1, 8.AI.1, 8.AI.2 or 9.AI.1 does not vote to accept the Plan;
- (c) the increase in the Purchase Price resulting from additional payment made to Class 5.SB.7 pursuant to the Institutional Structured Settlement as modified pursuant to section 6.1(b) of the Plan;
- (d) the increase in the amount of cash paid to the Distribution Trust in the event that RCV or O/S J.V. determines to pay 100% of the allowed amount of any Reinstated Claims in cash on the Effective Date, pursuant to sections 4.8(a), 4.15(a) or 4.15(b) of the Plan;
- (e) the increase in the Purchase Price in the amount required to fund the Distribution in respect of any indemnity claim that Proponent or RCV or O/S J.V. dispute and which the Debtors propose to assume (in the Debtors' Plan) which increase occurs when such Claim becomes an Allowed Claim;
- (f) the increase in the Purchase Price in the amount required to fund payments of interest required if initial Distributions are not made on the Effective Date pursuant to section 7.2(f) hereof.

1.35 **Cash on Hand** means all of Debtors' Cash from all sources as of the Effective Date minus (i) the aggregate amount of checks, drafts or other cash items issued by or against depository accounts of the Debtors and not paid as of the Effective Date, (ii) the dollar amount of reserves established for Professional Fees pursuant to section 7.10 of the Plan; and (iii) the amount of the increases in the Institutional Structured Settlements pursuant to section 6.1(b) of the Plan.

1.36 **Chemetron or CH** means Chemetron Corporation, a Delaware corporation and a Debtor.

1.37 **Chemetron Common Stock** means the issued and outstanding common stock, par value \$1.00 per share, of Chemetron.

1.38 **Chemetron Investments or CI** means Chemetron Investments, Inc., a Delaware corporation and a Debtor.

1.39 **Chemetron Investments Common Stock** means the issued and outstanding common stock, par value \$1.00 per share, of Chemetron Investments.

1.40 **Claim** means a claim as defined in section 101(4) of the Code, whether or not asserted against one or more of the Debtors.



1.41 **Code** means title 11 (the Bankruptcy Code) of the United States Code, as applicable from time to time, to the Reorganization Cases.

1.42 **Confirmation Date** means the date upon which the Court enters the Confirmation Order.

1.43 **Confirmation Order** means the entered order of the Court confirming the Plan pursuant to section 1129 of the Code.

1.44 **Court** means the United States Bankruptcy Court for the Western District of Pennsylvania or, if such court ceases to exercise jurisdiction over the Reorganization Cases, such court that exercises jurisdiction over the Reorganization Cases in lieu of the United States Bankruptcy Court for the Western District of Pennsylvania.

1.45 **Debtors** means AI Exercise Co., AI (USA), Allegheny, AL-Industrial Products, Almet/Lawnlite, Chemetron, Chemetron Investments, Eliskim, Holdings, Infoswitch, Integrated Specialties, Sunbeam and Woodshaft, individually or collectively, as the context requires.

1.46 **Disbursing Agent** means the entity authorized to disburse Distributions to Class 5.SB.8 pursuant to this Plan, which shall be Mellon Bank N.A.

1.47 **Disputed Claim** means only the portion (including, where appropriate, the whole) of any Claim (other than an Allowed Claim or an Allowed Secured Claim) as to which (i) (a) proof has been timely filed with the Court, and (b) an objection to the allowance of which or motion to expunge which has been interposed prior to the final date for the filing of such objections as established by an Order of the Court, and (c) such objection or motion has not been settled or determined by a Final Order allowing or disallowing or expunging such Claim or portion thereof or (ii) which is unliquidated or contingent. To the extent an objection or motion to expunge an objection relates to the allowance of only a part of a Claim, such Claim shall be a Disputed Claim only to the extent of the objection.

1.48 **Disputed Claims Committee** means the committee or committees formed to approve settlements of Disputed Claims pursuant to section 7.19 hereof.

1.49 **Distribution(s)** means the payment(s) of cash which is (are) required by the Plan to be distributed to the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests and the beneficiaries of any Final Orders directing payment of Claims for Post-petition Interest, and includes payments required to cure defaults on Reinstated Claims.

1.50 **Distribution Date** means the first date upon which the Distribution Trustee makes a Distribution, which shall be the Effective Date.

1.51 **Distribution Trust** means the trust created pursuant to the Distribution Trust Agreement attached as Exhibit A, and referred to in section 7.2 hereof.

1.52 **Distribution Trust Assets** means the Asset Purchase Proceeds which, pursuant to Article VII herein, shall be delivered by RCV and O/S J.V. to the Distribution Trust upon the consummation of the transaction contemplated under the Asset Purchases.

1.53 **Distribution Trustee** means the trustee under the Distribution Trust Agreement, as selected by Proponent and subject to replacement by the Disputed Claims Committees.

1.54 **Effective Date** means the date of Consummation of this Plan which shall be the first Business Day which is ten (10) days after entry of a Confirmation Order and on which each of the conditions set forth in section 9.3 of the Plan has been satisfied or waived in accordance with section 9.3.

1.55 **Eliskim or EL** means Eliskim, Inc., a Delaware corporation and a Debtor.

1.56 **Eliskim Common Stock** means the issued and outstanding common stock, par value \$ 1.00 per share, of Eliskim.

1.57 **Estate** means the estate created in each of the Reorganization Cases by Code section 541.

1.58 **Filing Date** means February 20, 1988, as to Allegheny, Sunbeam, Chemetron, Almet/Lawnlite and Holdings, and May 3, 1988, as to AI Exercise Co., AI (USA), AL-Industrial Products, Chemetron Investments, Eliskim, Infoswitch, Integrated Specialties, and Woodshaft.

1.59 **Final Order** means an order or judgment the operation or effect of which has not been stayed, and as to which order or judgment (or any revision, modification or amendment thereof), the time to appeal or seek review or rehearing has expired and as to which no timely filed appeal or petition for review or rehearing is pending.

1.60 **General Unsecured Claims** means all Claims against a particular Debtor that are not (a) Reinstated Claims, (b) Administrative Expense, Administrative Compensation, Priority or Tax Claims, or (c) Claims included within any other class.

1.61 **Holdback** means the amount of Cash which the Court determines is required to fully fund reserves for Disputed Claims and Claims for Post-petition Interest (to the extent that the proposed Post-petition Interest Settlement does not resolve such Claims) which are not Allowed Claims on the Effective Date and which thereafter may be allowed, as described in section 7.7 hereof.

1.62 **Holdings or SH** means Sunbeam Holdings, Inc., a Delaware corporation and a Debtor.

1.63 **Holdings Common Stock** means the issued and outstanding common stock, par value \$100 per share, of Holdings.

1.64 **Indenture Trustee** means Fidata Trust Company New York (formerly Bradford Trust Company), as Indenture Trustee under the Public Subordinated Debt Trust Indentures, or its successor(s).

1.65 **Infoswitch or IN** means Infoswitch, Inc., a Delaware corporation and a Debtor.

1.66 **Infoswitch Common Stock** means the issued and outstanding common stock, par value \$1.00 per share, of Infoswitch.

1.67 **Integrated Specialties or IS** means Integrated Specialties, Inc., a California corporation and a Debtor.

1.68 **Integrated Specialties Common Stock** means the issued and outstanding common stock, class A and class B, of Integrated Specialties.

1.69 **Intercompany Claim** means a Claim of any Debtor against any other Debtor or of an Affiliate of any Debtor against such Debtor.

1.70 **Interest** means an equity security as defined in Code section 101(15).

1.71 **Liberty Mutual Settlement** means a settlement of the dispute regarding the claim of Liberty Mutual pursuant to the terms of which Liberty Mutual will acknowledge its obligation to provide product liability coverage for years prior to 1988.

1.72 **Lodestar Amount** means the amount of Professional Fees determined on the basis of customary and usual hourly rates.

1.73 **NMGM** means NMGM, Inc., a newly formed Delaware Corporation, and a wholly owned subsidiary of Purchaser.

1.74 **Notice of Confirmation** means the notice of entry of the Confirmation Order to be mailed by the Clerk of the Court or by the Proponent as agent for the Clerk to all creditors, indenture trustees and interest holders in the event the Plan is confirmed.

1.75 **Official AI Creditors' Committee** means the Official Committee of Unsecured Creditors of Allegheny International, Inc., as appointed pursuant to section 1102 of the Code.

1.76 **Official Sunbeam Creditors' Committee** means the Official Committee of Unsecured Creditors of Sunbeam, Holdings, Almet/Lawnlite, as appointed pursuant to section 1102 of the Code.

1.77 **OID Escrow** means, at the time of any Distribution, that amount of Cash which equals (x) the total amount of cash which is being distributed to holders of Allowed Claims of Class 7.AI.1 (Allegheny Subordinated Debenture Claims) multiplied by (y) 1.00 minus a fraction the numerator of which is equal to the total amount of the Allowed Claims in Class 7.AI.1 as of the Effective Date; and the denominator of which is equal to the total amount of the Allowed Claims plus the total amount of Disputed Claims in Class 7.AI.1 as of the Effective Date.

1.78 **O/S J.V.** means O/S J.V., Inc., a newly formed Delaware Corporation.

1.79 **Other Public Debt** means, collectively, all of Debtors' issues of debt which are publicly traded other than Public Subordinated Debt and the Sunbeam 5½% Sinking Fund Debentures.

1.80 **Outstanding Securities** means the following securities which were issued and outstanding as of the Filing Date: Allegheny Common Stock, Allegheny Preference Stock, Allegheny Preferred Stock, Allegheny 9% Sinking Fund Debentures, Allegheny 9% Subordinated Sinking Fund Debentures due 1989, Allegheny 10¾% Subordinated Sinking Fund Debentures due 1999, Allegheny 4⅝% Notes, Allegheny 10.4% Subordinated Sinking Fund Debentures due 2002, Allegheny 9¾% Notes, Allegheny 6¾% Notes, Sunbeam 10.98% Notes, Sunbeam 8.25% Notes, Sunbeam 11.85% Notes, Sunbeam 5½% Sinking Fund Debentures, Chemetron 9% Debentures, Chemetron 10½% Notes, and Allegheny Overseas Capital N.V. 7¾% Swiss Franc Notes. Such term shall also include all of Allegheny's stock option and appreciation rights and preferred stock purchase rights and any and all other rights to acquire AI Equity.

1.81 **Paying Agent** means any indenture trustees, stock transfer agents and similar intermediaries and agents which participate in the process of making or conveying Distributions as provided by the Plan.

1.82 **Paying Agent Fees** means the compensation and expenses (in amounts as agreed to between RCV and any Paying Agent) payable by RCV to Paying Agents for making or conveying Distributions and accepting tender of Outstanding Securities for such Distributions, as provided by the Plan.

1.83 **Plan or Cash Plan** means this "Plan of Reorganization", as amended, together with any modifications thereto as may hereafter be filed by the Proponent in accordance with section 10.4 of the Plan.

1.84 **PNB Escrow Account** means the escrow established at Pittsburgh National Bank for the benefit of professional persons seeking Administrative Compensation Claims from the Estates pursuant to section 7.10 hereof.

1.85 **Post-petition Interest** means interest or similar charges with respect to an Allowed Claim against a Debtor for any period on and after the Filing Date.

1.86 **Post-petition Interest Declaration** means a binding declaration of any Post-petition Interest claimed by a holder of a Claim in Classes 5.AL.1 (Almet/Lawnlite General Unsecured Claims), 5.SH.1 (Holdings General Unsecured Claims) and 5.SB.1 (Sunbeam General Unsecured Claims), or 5.SB.3 (Reinstated Sunbeam Debentures) if not Reinstated, which must be filed by such holder in accordance with section 7.5 of the Plan regardless of whether any such holder has included a Claim for Post-petition Interest in any previously filed proof of Claim. Except as provided in the Post-petition Interest Settlement, there is no provision in this Plan for payment of any Claim for any Post-petition Interest on Claims in such classes except for the holders of Allowed Claims in such classes which (i) timely file a Post-petition Interest Declaration in accordance with section 7.5 of the Plan, and (ii) obtain a Final Order directing the Distribution Trustee to pay such Claim.

1.87 **Post-petition Interest Settlement** means the Settlement of Claims for Post-petition Interest by holders of Allowed Claims in Classes 5.SB.1 (Sunbeam General Unsecured Claims), 5.AL.1 (Almet/Lawnlite General Unsecured Claims), 5.SH.1 (Holdings General Unsecured Claims) or 5.SB.3 (Reinstated Sunbeam Debentures) if not Reinstated, proposed in section 7.5 of the Plan, under which holders of Claims in such classes will receive payment of 106% of the amount of such Allowed Claims in cash on the Effective Date in full satisfaction of all their Claims, including any Claims for Post-petition Interest.

1.88 **Priority Claim** means any Claim which, if allowed, would be entitled to priority under section 507(a) of the Code, other than (i) an Administrative Expense Claim, (ii) an Administrative Compensation Claim, or (iii) a Tax Claim.

1.89 **Product Liability Claims** means Claims for damages or injuries suffered because of a defect in goods manufactured or sold by the Debtors, and includes any such Claims arising after the Effective Date for goods purchased prior to the Effective Date.

1.90 **Professional Fees** means fees and expenses of professionals in connection with the Reorganization Cases.

1.91 **Proper Address** means the address to which notices must be sent pursuant to Bankruptcy Rule 2002(g).

1.92 **Proponent** means Japonica Partners, L.P., a Rhode Island Limited Partnership.

1.93 **Pro Rata** means proportionately so that the ratio of the amount of consideration distributed on account of the allowed amount of a particular Claim or Interest to the allowed amount of such Claim or Interest is the same as the ratio of the amount of consideration distributed on account of all Allowed Secured Claims, Allowed Claims or Allowed Interests of the class in which the particular Claim or Interest is included to the amount of all Allowed Secured Claims, Allowed Claims or Allowed Interests of that class.

1.94 **Public Subordinated Debt** means, collectively, the following issues of debt issued by Allegheny pursuant to the Public Subordinated Debt Trust Indentures: the outstanding 9% Subordinated Sinking Fund Debentures due 1989; the outstanding 10¾% Subordinated Sinking Fund Debentures due 1999; and the outstanding 10.4% Subordinated Sinking Fund Debentures due 2002.

1.95 **Public Subordinated Debt Trust Indentures** means, collectively, the following indentures, as amended or supplemented: the Indenture dated as of December 1, 1977, between Allegheny and Bradford Trust Company, as Trustee, pursuant to which the outstanding 9% Subordinated Sinking Fund Debentures due 1989 of Allegheny were issued; the Indenture dated as of September 1, 1979, between

Allegheny and Bradford Trust Company, as Trustee, pursuant to which the outstanding 10<sup>3</sup>/<sub>4</sub>% Subordinated Sinking Fund Debentures due 1999 of Allegheny were issued; and the Indenture dated as of May 31, 1984, between Allegheny and Bradford Trust Company, as Trustee, pursuant to which the outstanding 10.4% Subordinated Sinking Fund Debentures due 2002 of Allegheny were issued.

1.96 **Purchase Price** means the total consideration given by RCV and O/S J.V. for the Allegheny Assets and the SAC/Oster Assets, which includes RCV Assumed Liabilities and SAC/Oster Assumed Liabilities as set forth in section 7.1 hereof.

1.97 **RCV** means RCV, Inc., a newly formed Delaware corporation.

1.98 **RCV Assumed Liabilities** means the liabilities, excluding the SAC/Oster Assumed Liabilities, assumed by RCV and its Subsidiaries pursuant to the Asset Purchase, as follows:

- (a) Allowed Administrative Expense Claims, except the SAC/Oster Administrative Expense Claims;
- (b) Reinstated Claims; except SAC/Oster Reinstated Claims;
- (c) Product Liability Claims;
- (d) Assumed Indemnity Claims;
- (e) Paying Agent Fees; and
- (f) Tax Notes and Allowed Tax Claims of the Internal Revenue Service, in accordance with the payment provisions set forth in section 4.2(d) hereof.

1.99 **Record Date** means (a) for voting on the Plan or for accepting the Post-petition Interest Settlement, April 30, 1990 and (b) for any Distribution under this Plan, the close of business on the Distribution Date.

1.100 **Reinstated or Reinstatement** means leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the holder of such Claim in accordance with section 1124 of the Code, including, in the case of installment debt obligations, reinstatement of the original maturity of the obligations.

1.101 **Reinstated Claims** means all Claims which are Reinstated, collectively.

1.102 **Reinstated Aetna Claims** means Claims of Aetna Casualty and Surety Company under certain premium payment agreements relating to Policy Nos. 08 LG 19821 SRA, 08 C 113389 SRA, 08 C 115065 SRA, 08 CS 269349 SRA, 08 C 119428 SRA, 08 AL 115093 SRA, 08 C 122027 SRA, 08 AL 115133 SRA, 08 CS 401139 SRA and 08 CA 105211 SRA with respect to liability insurance for policy years 1975, 1976 and 1977.

1.103 **Reinstated AI Compensatory Damage Claims** means with respect to Allegheny International, Inc., Claims for compensatory damages of a nature, insurable under a comprehensive general liability insurance policy or automobile liability insurance policy, proofs of which have been timely filed.

1.104 **Reinstated Barclays Bank Claim** means Claims of Barclays Bank PLC under a Standby Letter of Credit Agreement dated as of December 28, 1984 between Barclays and Sunbeam Corporation.

1.105 **Reinstated Cars & Concepts Claims** means Claims of Cars & Concepts, Inc. against Sunbeam on Sunbeam's guaranty dated August 13, 1982 of the performance by Hurst Performance, Inc., now known as Sunbeam, of the terms and provisions of a purchase agreement dated August 13, 1982 pursuant to which Cars & Concepts, Inc. purchased the assets of Hurst Performance, Inc. and all Claims of Cars & Concepts, Inc. against Sunbeam pursuant to such purchase agreement.

1.106 **Reinstated Continental Casualty Company Claim** means Claims of Continental Casualty Company for premium payments under Policy Nos. WC 5386350, CCP 7437001 and WC 5382326 covering the period 4/11/81 to 7/1/82.

1.107 **Reinstated Debt and Capital Leases** means all Claims under the following Industrial Development Revenue Bonds, capitalized leases and all guarantees, lease agreements, loan agreements, trust indentures and other agreements for the benefit of holders thereof relating thereto: 13% Industrial Development Revenue Bonds (Sunbeam Corporation Project) series 1982 due 1994, issued by Clarke County, Mississippi, supported by capitalized lease with Sunbeam on facilities in Clarke County, Mississippi, occupied by Hanson Scale division of Sunbeam; Sunbeam 5.1-5.75% Industrial Development Revenue Bonds due 1998, issued by the City of Hattiesburg, Mississippi, supported by capitalized lease with Neco Electric Products Corp. (now the Northern Electric Division of Sunbeam) on a plant in Hattiesburg, Mississippi, occupied by Northern Electric division of Sunbeam; 65% of prime Industrial Development Revenue Bonds (Sunbeam Corporation Project) series 1981 due 1991, issued by the City of Hattiesburg, Mississippi, supported by capitalized lease with Sunbeam Corporation of machinery and equipment in Hattiesburg, Mississippi, used by Northern Electric division of Sunbeam; 65-70% of prime rate Industrial Development Revenue Bonds series 1983 (Sunbeam Corporation Project) due 1998, issued by City of Holly Springs, Mississippi, supported by capitalized lease with Sunbeam Corporation on machinery and equipment in Holly Springs, Mississippi, used by Sunbeam Appliance Division of Sunbeam; 6.625% Sunbeam Corporation Industrial Development Revenue Bonds due 2003, issued by Village of Wheeling, Illinois, supported by Sunbeam Corporation; 6.05% Sunbeam Corporation Industrial Development Revenue Bonds due 2008, issued by Cookeville, Tennessee, supported by capitalized lease on manufacturing facility in Cookeville, Tennessee, occupied by Oster division of Sunbeam; 55% Sunbeam Corporation Industrial Development Revenue Bonds due 1991, issued by Town of Coushatta, Louisiana, supported by capitalized lease of facilities in Coushatta, Louisiana, occupied by Sunbeam Appliance division of Sunbeam; 5.8-6.0% Sunbeam Corporation Industrial Development Revenue Bonds due 1995, issued by the City of Laurel, Mississippi, supported by capitalized lease on the facility in the City of Laurel, Mississippi, occupied by Northern Electric division of Sunbeam; 3.50-3.0% Wayne Manufacturing Industrial Development Revenue Bonds due 1990, issued by Supervisors of Wayne County, Mississippi, supported by capitalized lease assumed by Sunbeam on facilities previously occupied by Wayne Manufacturing Company and presently occupied by Northern Electric division of Sunbeam; 55-5% Wayne Manufacturing Industrial Development Revenue Bonds due 1992, issued by Supervisors of Wayne County, Mississippi, supported by capitalized lease on premises formerly occupied by Wayne Manufacturing Company assumed by Sunbeam; 8% Schaefer Corporation (now known as Holdings) Industrial Development Revenue Bonds due 1994, issued by City of Madison, Alabama, supported by mortgage and lease of facilities in Madison, Alabama, assigned to and assumed by Welbilt Corporation; 12% Sunbeam Corporation (Aircap Manufacturing Division) Industrial Development Revenue Bonds due 1992 issued by the Supervisors of Lee County, Mississippi, supported by capitalized lease on premises formerly occupied by Aircap Manufacturing, assigned to and assumed by Aircap Industries, Inc.; 6¼% Allegheny Ludlum Industries, Inc., Pollution Control Revenue Bonds, 1977 Series A due 2007, issued by the Industrial Development Authority of Allegheny County, Pennsylvania, assigned to and assumed by Allegheny Ludlum Steel Corp.; 6% Allegheny Ludlum Industries, Inc. Industrial Development Revenue Bonds due 2007 issued by Claremore Industrial Authority, Claremore, Oklahoma, assigned to and assumed by Allegheny Ludlum Steel Corp.; 6% Allegheny Ludlum Industries, Inc. Industrial Development Revenue Bonds, Series A due 1998, issued by the Industrial Development Authority of Allegheny County, Pennsylvania, assigned to and assumed by Allegheny Ludlum Steel Corp.; 7% Allegheny Ludlum Industries, Inc. Pollution Control Revenue Bonds Series A, due 2003, issued by the Industrial Development Authority of Allegheny County, Pennsylvania, assigned to and assumed by Allegheny Ludlum Steel Corp.; 6½% Allegheny Ludlum Industries, Inc. Industrial Development Revenue Bonds Series B due 1998, issued by the Industrial Development Authority of Allegheny County, Pennsylvania, assigned to and assumed by Allegheny Ludlum Steel Corp.; 7% Allegheny International, Inc., Industrial

Development Revenue Bonds, due 1991, issued by the Industrial Development Authority of County of Tazewell, Virginia, assigned to and assumed by H.P. Hunnicutt; 60% of Prime Rate Allegheny Ludlum Industries, Inc./Arnold Engineering Co. Industrial Development Revenue Bonds, due 1992 issued by the Commissioners of Orange County, Florida, assigned to and assumed by F.W. Bell, Inc.; 70% of Prime Rate Allegheny International, Inc. Industrial Development Revenue Bonds due 1992, issued by the Industrial Development Authority of Orange County, Florida, assigned to and assumed by F.W. Bell, Inc.; and 7% Chemetron Corporation Industrial Development Revenue Bonds due 2004, issued by the Supervisors of the County of Madison, Mississippi, assigned to and assumed by LAI Properties, Inc.

1.108 **Reinstated Disability Claims** means Claims for long-term disability benefits payable under the Group Health and Welfare Plan of Allegheny International, Inc. and Member Companies.

1.109 **Reinstated Environmental Claims** means Claims of the United States for environmental response costs incurred in connection with following sites:

- McGean Site, Cleveland, Ohio
- Haynes Site, Washington County, Missouri
- Bio-Ecology Site, Grand Prairie, Texas
- City Chemical Site, Orange County, Florida
- Liquid Disposal Site, Utica, Michigan
- Lowry Landfill Site, Arapahoe County, Colorado
- New Lyme Landfill Site, Ashtabula County, Ohio
- Northeast Hazardous Waste Disposal Site, Elkton, Maryland
- Maryland Sand, Gravel & Stone Site, Elkton, Maryland
- Poplar/Laskin Site, Ashtabula County, Ohio
- Shelby Township Site, Shelby Township, Michigan
- Stringfellow Site, Los Angeles, California
- Diaz Refinery Site, Dias, Arkansas
- Qu Voe Refinery & Products Site, Cook County, Illinois
- ThermoChem Site, Holland, Michigan
- Maxey Flats Nuclear Disposal Site, Morehead, Kentucky
- Bally Engineered Structures Site, Bally, Pennsylvania

1.110 **Reinstated Environmental Compliance Obligations** means obligations of any of the Debtors to a governmental agency to comply with environmental laws with respect to property of estate of such Debtor.

1.111 **Reinstated Intercompany Claims** means the Intercompany Claims.

1.112 **Reinstated Liberty Mutual Insurance Claims** means Claims of Liberty Mutual Insurance Company and/or Liberty Mutual Fire Insurance Company under comprehensive general liability policy LG1-681-004050-327 effective 7/1/87—7/1/88 and agreement for guarantee of deductible reimbursement relating thereto, under business automobile policy AS1-681-004050-137 effective 7/1/87—7/1/88 and agreement for guarantee of deductible reimbursement relating thereto, under Massachusetts combination motor vehicle policy AM1-681-004050-147 effective 7/1/87—7/1/88 and agreement for guarantee of deductible reimbursement relating thereto, and under comprehensive automobile policy AE2-681-004050-217 effective 7/1/87—7/1/88 and agreement for guarantee of deductible reimbursement relating thereto; as provided in the Liberty Mutual Settlement.

1.113 **Reinstated Metropolitan Federal Claim** means the Allowed Secured Claim of Metropolitan Federal Savings and Loan Association under a Promissory Note dated December 31, 1973 in the principal amount of \$850,000 and related mortgage issued to Home Federal Savings and Loan Association of Nashville, Tennessee, of which Metropolitan Federal Savings and Loan Association is the successor-in-interest, relating to a manufacturing facility of Almet/Lawnlite located in Portland,

Tennessee, and the related contingent claim of Victor and Ann Carol Reiter against Almet/Lawnlite and Allegheny.

1.114 **Reinstated Pension Claims** means Claims under a tax-qualified pension plan sponsored by the Debtor or an Affiliate.

1.115 **Reinstated Retiree Benefit Claims** means Claims by retired former employees of a Debtor under a plan, fund, or program maintained or established by such Debtor prior to commencement of such Debtor's Reorganization Case (through the purchase of insurance or otherwise) for the purpose of providing medical, surgical or hospital care benefits, or benefits in the event of sickness, accident, disability or death.

1.116 **Reinstated Sunbeam Debentures** means the Sunbeam 5½% Sinking Fund Debentures due 1992.

1.117 **Reinstated Surviving Spouse Benefit Claims** means Claims of non-exempt salaried employees or former employees, or their spouses under the Surviving Spouse's Benefit Plan for Salaried Employees of Allegheny International, Inc., Surviving Spouse's Benefit Plan for Salaried Employees of True Temper Corporation; and Surviving Spouse's Benefit Plan for Salaried Pensioners of the Former Bar Products Division of Allegheny International, Inc.;

1.118 **Reinstated Textron Claims** means Claims of Textron, Inc. under the purchase agreement dated May 28, 1978, by and between AI (USA) (then known as Jacobsen Manufacturing Company), Allegheny (then known as Allegheny Ludlum Industries, Inc.) and Textron, Inc.

1.119 **Reinstated Tort Claims** means with respect to Debtors other than Allegheny International, Inc., property damage tort, personal injury tort and wrongful death Claims, proofs of which have been timely filed.

1.120 **Reinstated Welmoore Claims** means Claims of Welmoore Industries, Inc., The Frymaster Corporation, Mile High Equipment Company and Belshaw Bros. Inc. under an agreement dated October 21, 1982 under which Welmoore Industries, Inc. acquired assets of certain wholly owned subsidiaries of Holdings which subsequently merged into Holdings.

1.121 **Reinstated Workers' Compensation Claims** means Claims for workers' compensation except for (a) Claims of employees or former employees of the former Bar Division of Allegheny International, Inc. for workers' compensation under the laws of the State of New York and (b) Claims of employees or former employees of True Temper Corporation (now known as Eliskim, Inc.) for workers' compensation under the laws of the State of Ohio.

1.122 **Reinstated Workers' Compensation Insurance Claims** means Claims of Liberty Mutual Insurance Company and/or Liberty Mutual Fire Insurance Company under workers' compensation insurance policy WC2-681-004050-337 effective 7/1/87—7/1/88 and premium payment agreement relating thereto as provided in the Liberty Mutual Settlement.

1.123 **Related Debtors** means AIR Realty of Houston, Inc., AIR of Dallas, Inc., Allegheny Sherry Lane Management, Inc. and Allegheny International Credit Corporation.

1.124 **Reorganization Cases** means the Debtors' Chapter 11 cases pending before the Court as Case Nos. 88-448 (Allegheny International, Inc.), 88-449 (Sunbeam Corporation), 88-450 (Sunbeam Holdings, Inc.), 88-451 (Almet/Lawnlite, Inc.), 88-452 (Chemetron Corporation), 88-1220 (AL-Industrial Products, Inc.), 88-1223 (Allegheny International Exercise Co.), 88-1224 (Allegheny International (USA), Inc.), 88-1226 (Chemetron Investments, Inc.), 88-1227 (Eliskim, Inc.), 88-1228 (Infoswitch, Inc.), 88-1229 (Integrated Specialties, Inc.) and 88-1231 (Woodshaft, Inc.).



1.125 **SAC/Oster** means the Oster Housewares, Sunbeam Appliance, Sunbeam-Mexico, Oster-Venezuela, Sunbeam-Peru, Oster-Germany, Oster-UK, and Sunbeam-Hong Kong, business units.

1.126 **SAC/Oster Administrative Expense Claims** means the Administrative Expense Claims for goods and services rendered to the Debtors in the ordinary course of the SAC/Oster businesses which are entitled to priority under section 507(a)(1) of the Bankruptcy Code.

1.127 **SAC/Oster Assets** means the property of the Debtors, including all legal or equitable interests, all tangible or intangible property causes of action, or other property of the Debtors' Estates, used in or associated with SAC/Oster, and including the stock of any company whose assets are part of such businesses.

1.128 **SAC/Oster Assumed Liabilities** means the liabilities associated with SAC/Oster, or the property, plant or equipment used by SAC/Oster, and assumed by O/S J.V. pursuant to the Asset Purchase, as follows:

- (a) Allowed SAC/Oster Administrative Expense Claims;
- (b) SAC/Oster Reinstated Claims; and
- (c) Future Product Liability Claims arising from SAC/Oster products.

1.129 **SAC/Oster Reinstated Claims** means the Reinstated Claims associated with SAC/Oster, or the property, plant or equipment used by SAC/Oster, and includes:

- (a) Reinstated Environmental Compliance Obligations associated with SAC/Oster or the property, plant or equipment of SAC/Oster;
- (b) Reinstated Retiree Claims of non-union retirees from SAC/Oster; and
- (c) Reinstated Debt and Capital Leases for facilities used or leased by SAC/Oster.

1.130 **Subordinated Debentures** means Public Subordinated Debt issued under the respective Public Subordinated Debt Trust Indentures all as such indentures have been amended or supplemented.

1.131 **Subsidiary** means any corporation of which more than 50% of the outstanding capital stock entitled to vote for the election of directors (other than as a result of a dividend arrearage or other default) is owned or controlled, directly or indirectly, by a Debtor, by one or more other Subsidiaries of a Debtor, or by a Debtor and one or more of its other Subsidiaries.

1.132 **Sunbeam or SB** means Sunbeam Corporation, a Delaware corporation and a Debtor.

1.133 **Sunbeam Common Stock** means the issued and outstanding common stock, par value \$1.00 per share, of Sunbeam.

1.134 **Sunbeam Americas Holdings, Limited or SAHL** means Sunbeam Americas Holdings, Limited, a newly formed Delaware Corporation, and a subsidiary of RCV.

1.135 **Tax Claim** means a Claim entitled to priority under section 507(a)(7) of the Code, if allowed.

1.136 **Tax Claim Indemnity** means the indemnity given by RCV to the Distribution Trust pursuant to section 7.1(f) hereof, in respect of any claim asserted by the IRS for taxes relating to RCV's purchase of the Allegheny Assets.

1.137 **Taxes** means all taxes, charges, fees, levies, imposts or other assessments by any federal, state, local or foreign taxing authority, including, without limitation, income, excise, property, sales, transfer, employment, payroll, franchise, profits, license, use, *ad valorem*, estimated severance, stamp,

occupation and withholding taxes. Such term shall include any interest, penalties or additions attributable to or imposed on or with respect to such assessments.

1.138 **Tax Notes** means the notes issued by the Debtors in satisfaction of Tax Claims pursuant to section 4.2(d) hereof.

1.139 **Unclaimed Property** means any Cash which is unclaimed on the 180th day following the Effective Date or the date of any later Distribution. Unclaimed Property shall include: (a) checks (and the funds represented thereby) which have been mailed to a Proper Address and returned as undeliverable without a proper forwarding address, (b) funds for checks which have not been paid, and (c) checks (and the funds represented thereby) which were not mailed or delivered because of the absence of a Proper Address to which to mail or deliver such property.

1.140 **Unclaimed Property Fund** means the fund established pursuant to section 7.9 of this Plan for the purpose of satisfying any Claims for Unclaimed Property which arise 180 days after either the Effective Date or the Distribution Date, whichever is later, and prior to five years after the Effective Date.

1.141 **Woodshaft or WS** means Woodshaft, Inc., an Ohio corporation and a Debtor.

1.142 **Woodshaft Common Stock** means the issued and outstanding common stock, without par value, of Woodshaft.

1.143 **Rule for Interpreting Undefined Terms.** A term used in this Plan and not defined herein but that is defined in the Code has the meaning assigned to the term in the Code. A term used in this Plan and not defined herein or in the Code which is defined in the Bankruptcy Rules has the meaning assigned to the term in the Bankruptcy Rules.

1.144 **Rules of Construction.** The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in this Plan unless the context requires otherwise. Whenever from the context it appears appropriate, each term stated in either the singular or the plural includes the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender include the masculine, feminine and neuter.

## ARTICLE 2

### CLAIMS COMMON TO ALL DEBTORS

#### 2.1 Overview

(a) Generally, a Claim or Interest is classified in a particular class only to the extent that the Claim or Interest qualifies within the description of the class and is classified in a different class to the extent the Claim or Interest qualifies within the description of that different class. A proof of Claim or Interest which asserts a Claim or an Interest which is properly included in more than one class is in the class asserted only to the extent it qualifies within the description of such class and is in a different class to the extent it qualifies within the description of such different class. To the extent all or part of a Claim or Interest (or proof thereof) may be classified in two or more classes of different priority, the portion so qualified will be classified in the class with the highest priority, except that to the extent a Claim or Interest may be classified in a class that is to be treated by being Reinstated, it shall be classified so as to be in such class to be Reinstated. Except as otherwise provided, to the extent that a Claim qualifies for inclusion in a more specifically defined class and a more generally defined class, it shall be included in the more specifically defined class.

(b) Certain Claims common to all, or substantially all, of the Debtors are placed in the categories described in sections 2.2 and 2.3. Unless otherwise specified, each Debtor shall have a class of each Claim listed below in sections 2.2 and 2.3 and, at times, for ease of reference, such classes may be referred to collectively for the Debtors.

## **2.2 Administrative Expense Claims, Administrative Compensation Claims and Priority and Tax Claims**

Administrative Expense Claims, Administrative Compensation Claims and Priority and Tax Claims as categories consist of all Administrative Expense Claims, Administrative Compensation Claims and Priority and Tax Claims against any of the Debtors.

## **2.3 Convenience Claims**

Convenience Claims as a category consists of all Claims, other than Claims based upon Outstanding Securities, against any of the Debtors which are \$500 or less or which are more than \$500 and reduced to \$500 by the holders thereof. An election by any creditor to reduce any Allowed Claim to qualify as a Convenience Claim must be exercised on or before the Ballot Time.

# **ARTICLE 3**

## **CLASSIFICATION OF CLAIMS AND INTERESTS BY INDIVIDUAL DEBTORS**

### **3.1 AI Exercise Co.**

(a) Class 5.EX.1 (AI Exercise Co. General Unsecured Claims): Class 5.EX.1 consists of all General Unsecured Claims against AI Exercise Co.

(b) Class 5.EX.2 (AI Exercise Co. Reinstated Claims): Class 5.EX.2 consists of all Reinstated Claims against AI Exercise Co.

(c) Class 9.EX.1 (AI Exercise Co. Common Stock Interests): Class 9.EX.1 consists of all Interests based upon AI Exercise Co. Common Stock.

### **3.2 AI (USA)**

(a) Class 5.US.1 (AI (USA) General Unsecured Claims): Class 5.US.1 consists of all General Unsecured Claims against AI (USA).

(b) Class 5.US.2 (AI (USA) Reinstated Claims): Class 5.US.2 consists of all Reinstated Claims against AI (USA).

(c) Class 9.US.1 (AI (USA) Common Stock Interests): Class 9.US.1 consists of all Interests based upon AI (USA) Common Stock.

### **3.3 AL-Industrial Products**

(a) Class 5.AP.1 (AL-Industrial Products General Unsecured Claims): Class 5.AP.1 consists of all General Unsecured Claims against AL-Industrial Products.

(b) Class 5.AP.2 (AL-Industrial Products Reinstated Claims): Class 5.AP.2 consists of all Reinstated Claims against AL-Industrial Products.

(c) Class 9.AP.1 (AL-Industrial Products Common Stock Interests): Class 9.AP.1 consists of all Interests based upon AL-Industrial Products Common Stock.

### **3.4 Allegheny**

(a) Class 2.AI.2 (Allegheny Secured Bank Claims): Class 2.AI.2 consists of all Claims against Allegheny arising under the Secured Revolving Credit Agreement, dated as of July 30, 1987, as

amended, by and among Allegheny, the banks referred to therein or any successor thereto (the "Banks") and Mellon Bank, N.A., as agent (the "Credit Agreement"), including Claims based upon guaranty or suretyship obligations of Allegheny with respect to Sunbeam's reimbursement obligations for payments made on letters of credit by the Banks for the account of Sunbeam ("AI Guaranty Claims").

(b) Class 2.AI.3 (Lincoln County IRB Claim): Class 2.AI.3 consists of the Claim based upon the Industrial Revenue Bonds due 2008 (Lincoln County, North Carolina) secured by a lien on real property of the Estate of Allegheny.

(c) Class 4.AI.2 (Allegheny Senior Unsecured Claims): Class 4.AI.2 consists of unsecured Claims against Allegheny which are based upon senior unsecured indebtedness of Allegheny for money borrowed and claims of indenture trustees for their compensation, expenses, disbursements and advances under indentures pursuant to which debentures constituting senior unsecured indebtedness for money borrowed were issued, which class includes the Allegheny Overseas Capital N.V. 7<sup>3</sup>/<sub>4</sub> % Swiss Franc Notes due 1998 (based on Allegheny's guarantee of such notes), but excludes all other indebtedness of Allegheny arising from the guaranty of the obligations of another Debtor or Affiliate for borrowed money.

(d) Class 5.AI.1 (Allegheny General Unsecured Claims): Class 5.AI.1 consists of all General Unsecured Claims against Allegheny.

(e) Class 5.AI.2 (Allegheny Reinstated Claims): Class 5.AI.2 consists of all Reinstated Claims against Allegheny.

(f) Class 7.AI.1 (Allegheny Subordinated Debenture Claims): Class 7.AI.1 consists of all Claims against Allegheny based upon Subordinated Debentures.

(g) Class 8.AI.1 (Allegheny Preference Stock Interests): Class 8.AI.1 consists of all Interests based upon Allegheny Preference Stock.

(h) Class 8.AI.2 (Allegheny Preferred Stock Interests): Class 8.AI.2 consists of all Interests based upon Allegheny Preferred Stock.

(i) Class 9.AI.1 (Allegheny Common Stock Interests): Class 9.AI.1 consists of all Interests based upon Allegheny Common Stock and any and all other rights to Allegheny Common Stock and upon any preferred asset purchase rights, stock options and awards, and stock appreciation rights, granted under any Allegheny stock option, award or benefit plan or preferred asset purchase rights plan.

### **3.5 Almet/Lawnlite**

(a) Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims): Class 5.AL.1 consists of all General Unsecured Claims against Almet/Lawnlite.

(b) Class 2.AL.2 (Almet/Lawnlite Secured Claims): Class 2.AL.2 consists of the Reinstated Metropolitan Federal Claim which is an Allowed Secured Claim.

(c) Class 5.AL.2 (Almet/Lawnlite Reinstated Claims): Class 5.AL.2 consists of all Reinstated Claims against Almet/Lawnlite, except the Reinstated Metropolitan Federal Claim.

(d) Class 9.AL.1 (Almet/Lawnlite Common Stock Interests): Class 9.AL.1 consists of all Interests based upon Almet/Lawnlite Common Stock.

### **3.6 Chemetron**

(a) Class 5.CH.1 (Chemetron General Unsecured Claims): Class 5.CH.1 consists of all General Unsecured Claims against Chemetron.

(b) Class 5.CH.2 (Chemetron Reinstated Claims): Class 5.CH.2 consists of all Reinstated Claims against Chemetron.

(c) Class 9.CH.1 (Chemetron Common Stock Interests): Class 9.CH.1 consists of all Interests based upon Chemetron Common Stock.

### **3.7 Chemetron Investments**

(a) Class 2.Cl.1 (Chemetron Investments Secured Claims): Class 2.Cl.1 consists of the claim of Pittsburgh National Bank secured by property of the Estate of Chemetron Investments.

(b) Class 5.Cl.1 (Chemetron Investments General Unsecured Claims): Class 5.Cl.1 consists of all General Unsecured Claims against Chemetron Investments.

(c) Class 5.Cl.2 (Chemetron Investments Reinstated Claims): Class 5.Cl.2 consists of all Reinstated Claims against Chemetron Investments.

(d) Class 9.Cl.1 (Chemetron Investments Common Stock Interests): Class 9.Cl.1 consists of all interests based upon Chemetron Investments Common Stock.

### **3.8 Eliskim**

(a) Class 5.EL.1 (Eliskim General Unsecured Claims): Class 5.EL.1 consists of all General Unsecured Claims against Eliskim.

(b) Class 5.EL.2 (Eliskim Reinstated Claims): Class 5.EL.2 consists of all Reinstated Claims against Eliskim.

(c) Class 9.EL.1 (Eliskim Common Stock Interests): Class 9.EL.1 consists of all interests based upon Eliskim Common Stock.

### **3.9 Holdings**

(a) Class 5.SH.1 (Holdings General Unsecured Claims): Class 5.SH.1 consists of all General Unsecured Claims against Holdings.

(b) Class 5.SH.2 (Holdings Reinstated Claims): Class 5.SH.2 consists of all Reinstated Claims against Holdings.

(c) Class 9.SH.1 (Holdings Common Stock Interests): Class 9.SH.1 consists of all interests based upon Holdings Common Stock.

### **3.10 Infoswitch**

(a) Class 5.IN.1 (Infoswitch General Unsecured Claims): Class 5.IN.1 consists of all General Unsecured Claims against Infoswitch.

(b) Class 5.IN.2 (Infoswitch Reinstated Claims): Class 5.IN.2 consists of all Reinstated Claims against Infoswitch.

(c) Class 9.IN.1 (Infoswitch Common Stock Interests): Class 9.IN.1 consists of all interests based upon Infoswitch Common Stock.

### **3.11 Integrated Specialties**

(a) Class 5.IS.1 (Integrated Specialties General Unsecured Claims): Class 5.IS.1 consists of all General Unsecured Claims against Integrated Specialties.

(b) Class 5.IS.2 (Integrated Specialties Reinstated Claims): Class 5.IS.2 consists of all Reinstated Claims against Integrated Specialties.

(c) Class 9.IS.1 (Integrated Specialties Common Stock Interests): Class 9.IS.1 consists of all interests based upon Integrated Specialties Common Stock.

### **3.12 Sunbeam**

(a) Class 5.SB.1 (Sunbeam General Unsecured Claims): Class 5.SB.1 consists of all General Unsecured Claims against Sunbeam.

(b) Class 5.SB.2 (Sunbeam Reinstated Claims): Class 5.SB.2 consists of all Reinstated Claims against Sunbeam, except the Reinstated Sunbeam Debentures.

(c) Class 5.SB.3 (Reinstated Sunbeam Debentures): Class 5.SB.3 consists of the Reinstated Sunbeam Debentures.

(d) Class 5.SB.7 (Sunbeam Institutional Unsecured Claims): Class 5.SB.7 consists of all unsecured nonpriority Claims for borrowed money against Sunbeam held by a financial institution or having a financial institution as trustee, other than Reinstated Claims and Claims included in Class 5.SB.8.

(e) Class 5.SB.8 (Sunbeam Reimbursement Claims): Class 5.SB.8 consists of Claims against Sunbeam for reimbursement of payments made on letters of credit issued by Mellon Bank, N.A. for the account of Sunbeam prior to the Filing Date.

(f) Class 9.SB.1 (Sunbeam Common Stock Interests): Class 9.SB.1 consists of all Interests based upon Sunbeam Common Stock.

### **3.13 Woodshaft**

(a) Class 5.WS.1 (Woodshaft General Unsecured Claims): Class 5.WS.1 consists of all General Unsecured Claims against Woodshaft.

(b) Class 5.WS.2 (Woodshaft Reinstated Claims): Class 5.WS.2 consists of all Reinstated Claims against Woodshaft.

(c) Class 9.WS.1 (Woodshaft Common Stock Interests): Class 9.WS.1 consists of all Interests based upon Woodshaft Common Stock.

## **ARTICLE 4**

### **TREATMENT OF PRIORITY, ADMINISTRATIVE AND TAX CLAIMS, REINSTATED CLAIMS, AND OTHER UNIMPAIRED CLASSES**

#### **4.1 Overview**

Distributions with respect to Allowed Secured Claims, Allowed Claims and Allowed Interests in the unimpaired classes set forth in this Article IV which do not become allowed until on or after the Effective Date shall be paid as provided in Article VII.

#### **4.2 Administrative Expense Claims, Administrative Compensation Claims, and Priority and Tax Claims**

(a) A person holding an Allowed Priority Claim will be paid the amount of such Allowed Priority Claim in cash on (i) the Effective Date, or (ii) the date which is thirty (30) Business Days after the date on which such Claim becomes an Allowed Priority Claim, whichever is later.

(b) Administrative Compensation Claims shall be estimated and allowed in accordance with section 7.10 hereof.

(c) A person holding an Allowed Administrative Expense Claim shall be paid by SAHL or O/S J.V., as appropriate, the amount of such Allowed Administrative Expense Claim in cash (i) on the Effective Date; (ii) on a date which is on or before 30 days after the Date on which such expense becomes an Allowed Administrative Expense Claim; or (iii) in accordance with the ordinary business terms for payment of such expense. Persons seeking payment of an Administrative Expense Claim not incurred in the ordinary course of business of the Debtors shall be required to file a proof of any such Claim with the Clerk of the Court, and a copy of any such proof on Proponent, on or before the date set for the hearing on Confirmation of the Plan, or 30 days after any such expense is incurred, whichever is later. RCV, SAHL and O/S J.V. shall retain any and all defenses to any such Administrative Expense Claims and shall have any and all claims that may be asserted by the Debtors against holders of any such Administrative Expense Claims.

(d) Holders of Allowed Tax Claims shall receive cash payments equal to the amount of such Allowed Tax Claims, in equal annual installments, plus accrued interest on the unpaid balance at the

rate of 6%, or such other rate as prescribed by the Court pursuant to 11 U.S.C. section 1129(a)(9). These payments shall commence one year after the Effective Date, and the final payment shall be made not later than six years after the Effective Date. These payments shall be evidenced by promissory notes ("Tax Notes"), which obligations shall be assumed by Purchaser and Purchaser's SAHL subsidiary. SAHL or the Purchaser may, at their option, prepay any Allowed Tax Claim, in whole or in part, at any time without penalty, but with interest accrued to the date of the payment.

Notwithstanding the foregoing, the Internal Revenue Service shall be paid the amount of its allowed Tax Claims in equal quarterly installments, plus accrued simple interest from the Effective Date on the unpaid balance at the rate of 11% per annum, with payments to commence three months after the Effective Date. The final payment shall be made not later than six years after the Effective Date. Purchaser may prepay in whole or in part any or all of the Allowed Tax Claims at any time without penalty, but with interest accrued to the date of payment.

#### **4.3 Convenience Claims**

The holders of Convenience Claims will be paid in cash on the Effective Date 100% of the amount of their Allowed Claims.

#### **4.4 AI Exercise Co.**

(a) Class 5.EX.1 (AI Exercise Co. General Unsecured Claims): Allowed Claim holders will be paid 100% of the amount of such Allowed Claims in cash on the Effective Date. Class 5.EX.1 is, therefore, not impaired.

(b) Class 5.EX.2 (AI Exercise Co. Reinstated Claims) will be Reinstated. Class 5.EX.2 is, therefore, not impaired.

(c) Class 9.EX.1 (AI Exercise Co. Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.EX.1 is, therefore, not impaired.

#### **4.5 AI (USA)**

(a) Class 5.US.1 (AI (USA) General Unsecured Claims): Allowed Claim holders will be paid 100% of the amount of such Allowed Claims in cash on the Effective Date. Class 5.US.1 is, therefore, not impaired.

(b) Class 5.US.2 (AI (USA) Reinstated Claims) will be Reinstated. Class 5.US.2 is, therefore, not impaired.

(c) Class 9.US.1 (AI (USA) Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.US.1 is, therefore, not impaired.

#### **4.6 AL-Industrial Products**

(a) Class 5.AP.1 (AL-Industrial Products General Unsecured Claims): Allowed Claim holders will be paid 100% of the amount of such Allowed Claims in cash on the Effective Date. Class 5.AP.1 is, therefore, not impaired.

(b) Class 5.AP.2 (AL-Industrial Products Reinstated Claims) will be Reinstated. Class 5.AP.2 is, therefore, not impaired.

(c) Class 9.AP.1 (AL-Industrial Products Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.AP.1 is, therefore, not impaired.

#### **4.7 Allegheny**

(a) Class 2.AI.3 (Lincoln County IRB Claim): The holder of the Class 2.AI.3 Lincoln County IRB Claim shall be treated in accordance with the Court's consensual order of June 23, 1988, which

provides that the holder has waived a claim for any deficiency upon liquidation sale of the plant, and the legal, equitable and contractual rights in respect of such claims, as modified by such order, shall remain unaltered by the Plan. Class 2.AL.3 is, therefore, not impaired.

(b) Class 5.AL.2 (Allegheny Reinstated Claims) will be Reinstated. Class 5.AL.2 is, therefore, not impaired.

#### **4.8 Almet/Lawnlite**

(a) Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims): Allowed Claim holders will be paid in cash on the Effective Date 100% of the amount of such Allowed Claims. Class 5.AL.1 is, therefore, not impaired.

(b) Class 2.AL.2 (Almet/Lawnlite Secured Claims) will be Reinstated and payments necessary to cure any defaults shall be made by the Distribution Trustee on the Effective Date. In the event that the Allowed Secured Claim of Metropolitan Federal Savings and Loan Association cannot be reinstated, the holder of that claim shall be paid on the Effective Date the Allowed Amount of its Claim in cash. RCV will increase the amount paid to the Distribution Trust by the amount of the Allowed Secured Claim that would otherwise be Reinstated in the event that Purchaser determines it will pay 100% of the allowed amount of the Claim. Notwithstanding any other provision in this Plan or the order confirming this Plan, the claim of Metropolitan Federal Savings and Loan Association shall be an Allowed Secured Claim as well as a Reinstated Claim. Class 2.AL.2 is, therefore, not impaired.

(c) Class 5.AL.2 (Almet/Lawnlite Reinstated Claims) will be Reinstated. Class 5.AL.2 is, therefore, not impaired.

(d) Class 9.AL.1 (Almet/Lawnlite Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.AL.1 is, therefore, not impaired.

#### **4.9 Chemetron**

(a) Class 5.CH.2 (Chemetron Reinstated Claims) will be Reinstated. Class 5.CH.2 is, therefore, not impaired.

(b) Class 9.CH.1 (Chemetron Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.CH.1 is, therefore, not impaired.

#### **4.10 Chemetron Investments**

(a) Class 2.Cl.1 (Chemetron Investments Secured Claims): Allowed Secured Claim holders will be paid 100% of the amount of such Allowed Secured Claims in cash on the Effective Date. Class 2.Cl.1 is, therefore, not impaired.

(b) Class 5.Cl.1 (Chemetron Investments General Unsecured Claims): Allowed Claim holders will be paid 100% of the amount of such Allowed Claims in cash on the Effective Date. Class 5.Cl.1 is, therefore, not impaired.

(c) Class 5.Cl.2 (Chemetron Investments Reinstated Claims) will be Reinstated. Class 5.Cl.2 is, therefore, not impaired.

(d) Class 9.Cl.1 (Chemetron Investments Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.Cl.1 is, therefore, not impaired.

#### **4.11 Eliskim**

(a) Class 5.EL.1 (Eliskim General Unsecured Claims): Allowed Claim holders will be paid 100% of the amount of such Allowed Claims in cash on the Effective Date. Class 5.EL.1 is, therefore, not impaired.



(b) Class 5.EL.2 (Eliskim Reinstated Claims) will be Reinstated. Class 5.EL.2 is, therefore, not impaired.

(c) Class 9.EL.1 (Eliskim Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.EL.1 is, therefore, not impaired.

#### 4.12 Holdings

(a) Class 5.SH.1 (Holdings General Unsecured Claims): Allowed Claim holders will be paid in cash on the Effective Date 100% of the amount of such Allowed Claims. Class 5.SH.1 is, therefore, not impaired.

(b) Class 5.SH.2 (Holdings Reinstated Claims) will be Reinstated. Class 5.SH.2 is, therefore, not impaired.

(c) Class 9.SH.1 (Holdings Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.SH.1 is, therefore, not impaired.

#### 4.13 Infoswitch

(a) Class 5.IN.1 (Infoswitch General Unsecured Claims): Allowed Claim holders will be paid 100% of the amount of such Allowed Claims in cash on the Effective Date. Class 5.IN.1 is, therefore, not impaired.

(b) Class 5.IN.2 (Infoswitch Reinstated Claims) will be Reinstated. Class 5.IN.2 is, therefore, not impaired.

(c) Class 9.IN.1 (Infoswitch Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.IN.1 is, therefore, not impaired.

#### 4.14 Integrated Specialties

(a) Class 5.IS.1 (Integrated Specialties General Unsecured Claims): Allowed Claim holders will be paid 100% of the amount of such Allowed Claims in cash on the Effective Date. Class 5.IS.1 is, therefore, not impaired.

(b) Class 5.IS.2 (Integrated Specialties Reinstated Claims) will be Reinstated. Class 5.IS.2 is, therefore, not impaired.

(c) Class 9.IS.1 (Integrated Specialties Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.IS.1 is, therefore, not impaired.

#### 4.15 Sunbeam

(a) Class 5.SB.1 (Sunbeam General Unsecured Claims): Allowed Claim holders will be paid in cash on the Effective Date 100% of the amount of such Allowed Claims. Class 5.SB.1 is, therefore, not impaired.

(b) Class 5.SB.2 (Sunbeam Reinstated Claims) will be Reinstated and payments necessary to cure any defaults shall be made by the Distribution Trustee, or, in RCV's or O/S J.V.'s sole discretion, the Allowed Claims in this Class 5.SB.2 may be reclassified as Class 5.SB.1 Claims and paid 100% of the amount of such Allowed Claims in cash on the Effective Date. RCV or O/S J.V., as appropriate, will increase the cash paid to the Distribution Trust by the amount of any of the Allowed Claims of the class that would otherwise be Reinstated in the event that RCV or O/S J.V. determines it will reclassify and pay 100% of any such Claim. Class 5.SB.2 is, therefore, not impaired.

(c) Class 5.SB.3 (Reinstated Sunbeam Debentures) will be Reinstated and Payments necessary to cure any defaults shall be made by the Distribution Trustee on the Effective Date. Reinstatement of the Reinstated Sunbeam Debentures due 1992 requires SAHL to assume the obligations of Sunbeam Corporation under the Indenture, cure missed sinking fund and interest payments, pay interest at the

contractual rate on missed interest payments, and provide for an equal and ratable security interest to debentureholders pursuant to the Indenture, if a security interest is granted in the assets of Sunbeam. Any payment of fees and expenses shall be judged on the standard set forth in the Indenture and Distributions on these claims, whether or not Reinstated, shall be made through the indenture trustee.

In the event that Claims in this Class cannot be Reinstated: holders will be paid 100% of the Allowed Amount of the Claims in cash on the Effective Date; the indenture trustee for the debenture holders may file a Post-petition Interest Declaration and pursue claims for Post-petition Interest on behalf of the debenture holders and in connection therewith shall have the rights to which it is entitled under the terms of the indenture; individual debenture holders may alternatively choose to accept the Post-Petition Interest Settlement by filing an acceptance with the clerk of the Bankruptcy Court and serving a copy on Proponent's counsel prior to commencement of the hearing on confirmation of the Cash Plan; and RCV will increase the cash paid to the Distribution Trust by the amount of the Allowed Claims that would otherwise be Reinstated. Class 5.SB.3 is, therefore, not impaired.

(d) Class 9.SB.1 (Sunbeam Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.SB.1 is, therefore, not impaired.

#### **4.16 Woodshaft**

(a) Class 5.WS.1 (Woodshaft General Unsecured Claims): Allowed Claim holders will be paid 100% of the amount of such Allowed Claims in cash on the Effective Date. Class 5.WS.1 is, therefore, not impaired.

(b) Class 5.WS.2 (Woodshaft Reinstated Claims) will be Reinstated. Class 5.WS.2 is, therefore, not impaired.

(c) Class 9.WS.1 (Woodshaft Common Stock Interests) holders shall retain their legal, equitable and contractual rights unaltered under applicable state law. Class 9.WS.1 is, therefore, not impaired.

## **ARTICLE 5**

### **TREATMENT OF IMPAIRED CLASSES**

#### **5.1 Overview**

All holders of Allowed Claims, Allowed Secured Claims and Allowed Interests in impaired classes shall receive Distributions as set forth in this Article V. Distributions to Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1 and 5.CH.1 are subject to Holdbacks pursuant to section 7.7 hereof and/or reduction based on the Post-petition Interest Settlement. Distributions to Class 7.AI.1 are further subject to the OID Escrow. Distributions shall be made to holders of Allowed Claims, Allowed Secured Claims and Allowed Interests in accordance with section 7.2(d). Holders of Claims and Interests in impaired classes which become Allowed Claims and Allowed Interests on or after the Effective Date will receive such Distributions after they become Allowed Claims or Allowed Interests as provided in Article VII.

#### **5.2 Allegheny**

(a) Class 2.AI.2 (Allegheny Secured Bank Claims): holders of Class 2.AI.2 Allegheny Secured Bank Claims shall receive without setoff of any kind whatsoever, in full satisfaction of all of their Claims including fees and expenses, cash in the amount of \$55,000,000, not subject to Holdbacks, plus cash in the amount of \$138,960,000, subject to reduction for amounts paid pursuant to the Post-petition Interest Settlement and subject to Holdbacks. In consideration of Class 2.AI.2 accepting payment of less than the entire amount of its Claims in full satisfaction of such Claims, the holders of Class 2.AI.2 Allegheny Secured Bank Claims shall also receive on or before the Effective Date a release to be in the form attached as Exhibit C of (1) the adversary proceeding pending in the Bankruptcy Court entitled *The Official Committee of Unsecured Creditors of Allegheny International, Inc. v. Mellon Bank, N.A., et*

*al.*, Adv. No. 88-00186 which will be settled, compromised and dismissed with prejudice; and (2) a withdrawal, with prejudice of the action commenced by *praecipe* filed by the Official Committee of Unsecured Creditors in the Court of Common Pleas of Allegheny County, Pennsylvania (Docket No. GD88-7622) On the Effective Date, any and all liens of holders of Class 2.A1.2 Claims shall be deemed released.

RCV shall indemnify the Banks in accordance with the terms of section 8.08 of the Credit Agreement, notwithstanding section 502(e) of the Code, up to an amount not to exceed \$3 million, *provided* that the Banks shall be deemed to have complied with all notification requirements (written or otherwise) under such section 8.08 in respect of (i) the lawsuit against the Banks captioned *Spear, Leeds & Kellogg v. Mellon Bank N.A. et al.*, pending in the United States District Court for the Western District of Pennsylvania, Civil Action No. 88-2587, (ii) the lawsuit against the Banks captioned *Aetna Life Insurance Company, et al. v. Mellon Bank, N.A., et al.*, pending the Court of Common Pleas of Allegheny County, Pennsylvania, Civil Action No. GD88-7459 and (iii) all other actions as may have been commenced against the Banks in connection with the Credit Agreement on or prior to the Effective Date by complaint, *praecipe* or otherwise and, *provided further* that RCV shall not be required to make any payment on this indemnity prior to September 10, 1990.

(b) Class 4.A1.2 (Allegheny Senior Unsecured Claims): holders of Class 4.A1.2 Claims shall receive Pro Rata, in full satisfaction of all their Claims, cash in the amount of \$3,152,000, not subject to Holdbacks plus cash in the amount of \$59,155,000, subject to reduction for amounts paid pursuant to the Post-petition Interest Settlement and subject to Holdbacks.

(c) Class 5.A1.1 (Allegheny General Unsecured Claims): holders of Class 5.A1.1 Claims shall receive Pro Rata, in full satisfaction of all their Claims, cash in the amount of \$22,663,000, subject to reduction for amounts paid pursuant to the Post-petition Interest Settlement and subject to Holdbacks.

(d) Class 7.A1.1 (Allegheny Subordinated Debenture Claims): holders of Class 7.A1.1 Claims shall receive Pro Rata, in full satisfaction of all their Claims, cash in the amount of \$47,091,000, subject to reduction for amounts paid pursuant to the Post-petition Interest Settlement and subject to Holdbacks. Distributions due Class 7.A1.1 may further be subject to the OID Escrow.

(e) Class 8.A1.1 (Allegheny Preference Stock Interests): Upon the Effective Date, all Allegheny Preference Stock shall be cancelled. Upon the surrender of its shares of Allegheny Preference Stock, each holder of Class 8.A1.1 Allegheny Preference Stock will be entitled to receive in cash \$1.11 per share of Allegheny Preference Stock.

(f) Class 8.A1.2 (Allegheny Preferred Stock Interests): Upon the Effective Date, all Allegheny Preferred Stock shall be cancelled. Upon the surrender of its shares of Allegheny Preferred Stock, each holder of Class 8.A1.2 Allegheny Preferred Stock will be entitled to receive in cash \$2.01 per share of Allegheny Preferred Stock.

(g) Class 9.A1.1 (Allegheny Common Stock Interests): Upon the Effective Date, all Allegheny Common Stock shall be cancelled. Upon the surrender of its shares of Allegheny Common Stock, each holder of Class 9.A1.1 Allegheny Common Stock will be entitled to receive in cash \$0.11 per share of Allegheny Common Stock. All preferred stock purchase rights and stock option and stock appreciation rights of Allegheny and any and all other rights to Allegheny Common Stock outstanding as of the Effective Date shall be cancelled as of the Effective Date.

### 5.3 Chemetron

Class 5.CH.1 (Chemetron General Unsecured Claims): Class 5.CH.1 shall receive Pro Rata, in full satisfaction of all their claims, cash in the amount of \$1,598,000, not subject to Holdbacks, plus cash in the amount of \$29,972,000, subject to reduction for amounts paid pursuant to the Post-petition Interest Settlement and subject to Holdbacks.

**ARTICLE 6**  
STRUCTURED SETTLEMENTS

**6.1 Institutional Structured Settlements**

Confirmation of the Plan shall constitute approval of the Structured Settlement. Pursuant to the terms of the Structured Settlement, the Claims in Class 5.SB.7 and Class 5.SB.8 shall be satisfied in their entirety as follows:

(a) Class 5.SB.7 (Sunbeam Institutional Unsecured Claims) and Class 5.SB.8 (Sunbeam Reimbursement Claims) shall be paid an amount in cash on the Effective Date equal to (i) principal amounts owed to the holders of such Claims, (ii) interest accrued on such principal amounts through and including February 19, 1988, calculated at the contract rate without giving effect to any default, penalty, premium or similar increase in rates, or other rate protection devices, and (iii) any fees, such as commitment, facility, letter of credit or similar fees chargeable in the ordinary course and in the absence of default to the extent that such amounts are attributable entirely to a period prior to the Filing Date for Sunbeam; *provided* that in all cases clauses (ii) and (iii) shall exclude interest and all charges, fees or levies of any kind arising or attributable to any time on or after the Filing Date for Sunbeam.

(b) In addition, with respect to all Claims in Class 5.SB.7 for Post-petition Interest, interest at default rates, prepayment premiums or penalties, special fees or finance charges payable only upon default, monies due under rate or currency protection devices and attorneys' and consultants' fees and any expenses that are reimbursable pursuant to an agreement or contract governing such reimbursement (collectively "Other Charges") shall be settled and discharged by the Distribution to holders of Claims in Class 5.SB.7 of \$23.750 million in cash, *provided* that the Effective Date is on or before March 31, 1990. In the event that the Effective Date does not occur by March 31, 1990, the amount of the Structured Settlement distribution to Class 5.SB.7 shall be increased by \$900,000 on April 1, 1990. Beginning May 1, 1990, and continuing to accrue on the first day of the four months following such date, the structured settlement amount shall increase by \$1,000,000 each month. The Purchase Price for the Asset Purchase shall increase by the amount necessary to satisfy such increases in the amount of the Structured Settlement. Any such Structured Settlement Distribution shall be allocated among the members of Class 5.SB.7 as specifically set forth in Exhibit B appended hereto.

(c) No Distributions other than the Distributions which the Distribution Trustee will make under section 6.1(a) of this Plan shall be made to holders of Claims in Class 5.SB.8 (Sunbeam Reimbursement Claims) on account of Other Charges as defined in section 6.1(b) above.

(d) There shall be no Claims in Class 5.SB.7 other than those listed and identified in Exhibit B to this Plan.

(e) Sunbeam assets shall not be transferred to Purchaser, unless members of Class 5.SB.7 (Sunbeam Institutional Unsecured Claims) are paid in cash the amount of their Allowed Claims as provided in section 6.1(a) of this Plan, plus all amounts due pursuant to section 6.1(b) of this Plan, simultaneously with such transfer.

**6.2 Dismissal of Post-petition Claims Litigation**

The action pending before the Court at Adversary Proceeding No. 88-395 captioned *The Prudential Insurance Company of America and the First National Bank of Chicago v. Sunbeam Corporation, Sunbeam Holdings, Inc., Almet/Lawnlite, Inc. and Allegheny International, Inc.* which asserted Post-petition Claims shall be dismissed with prejudice, *provided, however*, that if Class 5.SB.3 (Reinstated Sunbeam Debentures) is not Reinstated under this Plan, the dismissal with prejudice shall not affect the rights of the indenture trustee for such debenture holders, or individual debenture holders, to file and seek payment of a Post-petition Interest Declaration or to accept the Post-petition Interest Settlement.

## ARTICLE 7

### MEANS FOR EXECUTION OF THE PLAN

#### 7.1 Asset Purchase

On or as of the Effective Date:

(a) The SAC/Oster Assets shall be transferred to O/S J.V.

(b) The Allegheny Assets shall be transferred to RCV.

(c) RCV and O/S J.V. shall: (i) transfer to the Distribution Trust \$605,774,000, plus or minus Cash Adjustments, in lawful money of the United States in immediately payable funds; and (ii) transfer \$15,018,000, plus the reserve established by the Court in respect of unpaid Administrative Compensation Claims pursuant to section 7.10 hereof, to the PNB Escrow Account.

(d) RCV shall assume RCV Assumed Liabilities.

(e) O/S J.V. shall assume the SAC/Oster Assumed Liabilities.

(f) RCV shall indemnify the Distribution Trust and hold the Distribution Trust harmless from and against any and all claims, damages, liabilities and expenses which the Distribution Trust may incur or which may be asserted against the Distribution Trust, in respect of: (i) RCV Assumed Liabilities; and/or (ii) any claim asserted by the IRS for taxes relating to the purchase of the Allegheny Assets. Promptly, and upon receipt by the Distribution Trust of notice of any claim against or the commencement of any action against the Distribution Trust or the Distribution Trust Assets by the IRS, or based on RCV Assumed Liabilities, the Distribution Trustee shall notify RCV by telecopy and in writing, of any such claim or the commencement of any such action. RCV may defend any such claim or action at its expense, and no settlement with the IRS or with any other party based on an RCV Assumed Liability shall be made without RCV's prior written consent.

(g) O/S J.V. shall indemnify the Distribution Trust and hold the Distribution Trust harmless from and against any and all claims, damages, liabilities and expenses which the Distribution Trust may incur or which may be asserted against the Distribution Trust, in respect of SAC/Oster Assumed Liabilities. Promptly, and upon receipt by the Distribution Trust of notice of any claim against or the commencement of any action against the Distribution Trust or the Distribution Trust Assets based on the SAC/Oster Assumed Liabilities, the Distribution Trustee shall notify O/S J.V. by telecopy and in writing of any such claim or the commencement of any such action. O/S J.V. may defend any such claim or action at its expense, and no settlement with any party based on a SAC/Oster Assumed Liability shall be made without O/S J.V.'s prior written consent.

(h) RCV shall have all defenses and counterclaims available to the Debtors to any RCV Assumed Liability.

(i) O/S J.V. shall have all defenses and counterclaims available to the Debtors to any SAC/Oster Assumed Liability.

(j) The assets identified on Exhibit D shall be transferred to NMGM. NMGM will assume: (i) Product Liability Claims not related to any asset or ongoing line of business acquired by SAHL or O/S J.V.; (ii) Reinstated Environmental Claims; (iii) Reinstated AI Compensatory Damage Claims; (iv) Reinstated Tort Claims; (v) Reinstated Cars & Concepts Claims; (vi) Reinstated Welmoore Claims; (vii) Reinstated Textron Claims; (viii) Reinstated Barclays Bank Claims; (ix) Reinstated Liberty Mutual Insurance Claims; (x) Reinstated Aetna Claims; and (xi) Reinstated Continental Casualty Claims.

(k) All Allegheny Assets not transferred to NMGM shall be transferred to SAHL. SAHL will assume: (i) Reinstated Pension Plan Claims and shall be the sponsor of all the Debtors' pension plans; (ii) Reinstated Sunbeam Debenture Claims; (iii) Reinstated Debt and Capital Leases; (iv) Reinstated Retiree Benefit Claims; (v) the Reinstated Metropolitan Federal Claim; (vi) Reinstated Workers Compensation Claims; (vii) Reinstated Workers' Compensation Insurance Claims; (viii) Reinstated

Environmental Compliance Obligations associated with businesses transferred to SAHL; (ix) Administrative Expense Claims excluding SAC/Oster Administrative Expense Claims; (x) Reinstated Surviving Spouse Benefit Claims; (xi) the Tax Notes; and (xii) Paying Agent Fees.

(l) RCV, NMGM, SAHL, O/S J.V., and Allegheny and its Subsidiaries and Affiliates waive and release any and all claims, encumbrances or liens they may have against the Distribution Trust, except rights arising in respect of the indemnities by RCV and O/S J.V. in favor of the Distribution Trust, or counterclaims against the Distribution Trust in respect of any action or claim asserted by the Distribution Trust against RCV, NMGM, SAHL, O/S J.V. or Allegheny, its Subsidiaries or Affiliates.

## **7.2 Distribution Trust**

(a) On the Effective Date the Asset Purchase Proceeds shall be transferred to the Distribution Trust.

(b) All Distributions to be made under this Cash Plan shall be made by the Distribution Trustee out of the Distribution Trust Assets.

(c) In accordance with the provisions of the Distribution Trust Agreement, the Distribution Trust Assets shall be held, managed and administered by the Distribution Trustee solely for the purpose of carrying out the provisions of this Cash Plan. The Distribution Trustee shall invest the Distribution Trust Assets in investments described in section 345 of the Code. Earnings on Holdback I shall first be applied to the expenses of the Distribution Trustee, including any taxes, relating to such Holdback. Expenses relating to such Holdback in excess of such earnings shall be disallowed. Earnings in excess of such expenses shall be transferred to the Allegheny and Chemetron Holdbacks in proportion to their Holdback Rates for Holdback I.

Earnings on the Allegheny and Chemetron Holdbacks shall each be applied to the expenses of the Distribution Trustee (including taxes), relating to such Holdback, and then to the expenses of the respective Disputed Claims Committees.

(d) The Distribution Trustee shall make the Distributions due the holders of Allowed Claims in Classes 5.AL.1, 2.Cl.1, 5.AP.1, 5.IS.1, 5.IN.1, 5.Cl.1, 5.EL.1, 5.WS.1, 5.US.1, 5.EX.1, 5.SH.1, 5.SB.1, 5.SB.7, 5.SB.8, and 5.SB.3 (if not Reinstated) and Distributions required to cure defaults under Reinstated Claims, on the Effective Date. The portions of the Distributions due holders of Allowed Claims in Classes 2.AI.2, 4.AI.2 and 5.CH.1 which are not subject to Holdbacks, shall also be made by the Distribution Trustee on the Effective Date. Distributions after reduction for amounts paid pursuant to the Post-petition Interest Settlement, and adjustment for Holdbacks and for Class 7.AI.1, the OID Escrow, shall be made to Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1 and 5.CH.1, by the Distribution Trustee on the Effective Date. All Distributions under the Plan shall be made to the entities and in accordance with the procedures set forth in sections 7.4 (Unimpaired Classes—Initial Distributions; Unpaid Claims Reserves; Disputed Claims Distributions), 7.6 (Impaired Classes—Initial Distributions; Disputed Claims Distributions), 7.8 (Distributions to Equity Holders), 7.11 (Special Provisions Relating to Distributions to Holders of Public Subordinated Debt and Other Public Debt) and 7.14 (Surrender of Outstanding Securities), hereof.

(e) Nothing in the Distribution Trust Agreement or this Plan shall be deemed to give the Distribution Trustee any discretion or power to make such Distributions on any other date.

(f) In the event that for any reason, Distributions to Classes 5.AL.1, 5.SH.1, 5.SB.1, 5.SB.7, 5.SB.8, and 2.AI.2, and Distributions to cure any Reinstated Claims, shall not have been made on the Effective Date, then holders of Claims in such classes shall be paid interest at the statutory rate from the Effective Date to the Date of tender of Payment. Purchaser shall increase the Purchase Price by any such interest payments.

(g) The Distribution Trustee shall retain all defenses to Disputed Claims and Claims for Post-petition Interest, and shall have the power to contest and litigate any Disputed Claim or Claim for Post-

interest, prosecute or defend any appeal of an order in the Cases which may affect the Distribution Trust, and retain counsel as necessary to carry out these duties.

### **7.3 Unliquidated and Contingent Claims—Estimation Procedure**

For the purposes of calculating Holdbacks for each of the Classes of Claims, the Proponent will request the Court to estimate prior to the time set for hearing, pursuant to section 502(c) of the Code, the maximum Allowed Claim in respect of unliquidated and contingent claims which are not Assumed Liabilities.

### **7.4 Unimpaired Classes—Initial Distributions; Unpaid Claims Reserves; Disputed Claims Distributions**

a) On the Effective Date, the Distribution Trustee shall deliver the Distributions due the holders of Allowed Claims in Classes 5.AL.1, 5.SH.1, 5.SB.1, 5.SB.3 (if not Reinstated), 2.Cl.1, 5.AP.1, 5.IS.1, 5.IN.1, 5.Cl.1, 5.EL.1, 5.WS.1, 5.US.1 and 5.EX.1, and Distributions required to cure defaults under Reinstated Claims, to the holders of Allowed Claims in those Classes as of the Record Date. Distributions to Classes 5.SB.7 shall be made on the Effective Date to beneficiaries of the Structured Settlement as provided for in section 6.1 of this Plan. Distributions to Class 5.SB.8 shall be made on the Effective Date to the Disbursing Agent.

b) As of the Effective Date, the Distribution Trustee shall establish an account ("Holdback I") for the purpose of funding Distributions to be made on account of Disputed Claims in Classes 5.AL.1, 2.Cl.1, 5.AP.1, 5.IS.1, 5.IN.1, 5.Cl.1, 5.EL.1, 5.WS.1, 5.US.1, 5.EX.1, 5.SH.1 and 5.SB.1 as estimated by the Bankruptcy Court, or any Claims for Post-petition Interest which are not resolved through the Post-petition Interest Settlement.

c) With respect to Claims which are Disputed Claims, or Claims for Post-petition Interest in the Classes listed in subsection (b) above as of the Effective Date, at such time as a Disputed Claim becomes an Allowed Claim, the Distribution due the holder of such Claim (without any post-Effective Date interest which would otherwise have accrued thereon unless allowed by Final Order) will be paid by the Distribution Trustee from Holdback I as soon as practicable after such Claim becomes an Allowed Claim.

### **7.5 Resolution of Claims for Post-petition Interest**

(a) Each holder of a Claim in Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims); 5.SB.1 (Holdings General Unsecured Claims), 5.SB.1 (Sunbeam General Unsecured Claims), or 5.SB.3 (Reinstated Sunbeam Debentures) (if not reinstated) that desires to assert a Claim for Post-petition Interest must file either (i) an acceptance of the Post-petition Interest Settlement, or (ii) a Post-petition Interest Declaration; with the clerk of the Court or with Allegheny as agent for the clerk, and serve a copy on Proponent's counsel, prior to commencement of the hearing on Confirmation of the Cash Plan, or be forever barred from claiming or receiving any Post-petition Interest.

(b) Timely filing of an acceptance of the Post-petition Interest Settlement entitles each accepting holder in such classes to receive cash equal to the Allowed Amount of their Claim, plus Post-petition Interest at Pennsylvania's statutory rate of 6.0% for 1 year, in full settlement of any and all claims for Post-petition Interest. The amounts paid for Post-petition Interest to the holders of Allowed Claims in Classes 5.AL.1, 5.SH.1 and 5.SB.1 shall reduce the Distributions due Classes 2.A1.2, 4.A1.2, 5.A1.1, 7.A1.1 and 5.CH.1 in proportion to each such class' Holdback Rate for Holdback I.

(c) The timely filing of a Post-petition Interest Declaration by a holder of a Claim in Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims), 5.SH.1 (Holdings General Unsecured Claims), 5.SB.1 (Sunbeam General Unsecured Claims) or by the indenture trustee on behalf of Class 5.SB.3 (Reinstated Sunbeam Debentures) or individual holders within that class (if not Reinstated), absent acceptance of the Post-petition Interest Settlement, preserves the right of such holder or indenture trustee to seek an order of the Court directing Almet/Lawnlite, Holdings or Sunbeam, as the case may be, to pay Post-petition Interest to such holder in accordance with the Post-petition Interest Declaration.

(d) If the holder as of the Record Date of a Claim in Class 5.AL.1 (Almet/Lawnlite General Unsecured Claims), 5.SH.1 (Holdings General Unsecured Claims) or 5.SB.1 (Sunbeam General Unsecured Claims) that has timely filed a Post-petition Interest Declaration succeeds in obtaining a Final Order directing the Reorganized Companies of Almet/Lawnlite, Holdings or Sunbeam to pay Post-petition Interest to such holder, the Distribution Trustee shall pay from Holdback I to such holder cash equal to 100% of the amount of the Post-petition Interest specified in such order in accordance with section 7.5(c) herein.

#### **7.6 Impaired Classes—Initial Distributions; Disputed Claims Distributions**

(a) If the Purchase Price is decreased by reason of the Debtors paying or incurring any administrative expense for or relating to any lending commitments entered into by the Debtors subsequent to March 25, 1990 and prior to the Effective Date, any such decrease shall reduce the Distributions due Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1 and 5.CH.1 in proportion to each such class' Holdback Rate for Holdback I.

(b) On the Effective Date, the Distribution Trustee (subject to the lien rights any trustee or agent may have under any applicable indenture) shall deliver the funds available for distribution after Holdbacks to Classes 2.AI.2, 4.AI.2, 5.AI.1, 7.AI.1, and 5.CH.1, Pro Rata to holders of Allowed Claims or Allowed Secured Claims in each Class, or to a Paying Agent for any of such Classes, as appropriate. The Indenture Trustee shall be Paying Agent for Class 7.AI.1.

(c) As of the Effective Date, the Distribution Trustee shall establish an account for the purpose of funding Distributions to be made on account of Disputed Claims in Classes of Claims against Allegheny (the "Allegheny Holdback").

(d) As of the Effective Date, the Distribution Trustee shall establish an account for the purpose of funding Distributions to be made on account of Disputed Claims in Class 5.CH.1 (the "Chemetron Holdback").

(e) With respect to Claims which are Disputed Claims as of the Effective Date, at such time as a Disputed Claim becomes an Allowed Claim, the initial Distribution due the holder of such Claim, together with the amount of any subsequent Distributions, will be paid by the Distribution Trustee from the Allegheny or Chemetron Holdback as soon as practicable after such Claim becomes an Allowed Claim.

#### **7.7 Holdbacks**

(a) The Distribution Trustee shall retain in Holdback I and the Allegheny and Chemetron Holdbacks sufficient Distribution Trust Assets, as determined by the Bankruptcy Court, to fully fund all Distributions which would be required if all Disputed Claims became Allowed Claims.

(b) Quarterly, or sooner if the Distribution Trustee determines that excess funds will be available for interim distributions, the Distribution Trustee shall recompute the amount necessary to fully fund Holdback I and the Allegheny and Chemetron Holdbacks. The Distribution Trustee shall distribute any excess, from Holdback I to the Allegheny and Chemetron Holdbacks in proportion to the rate in which the subject classes share in Holdback I. Any excess in the Allegheny and Chemetron Holdbacks shall be made available for Distribution to classes subject to the Holdbacks. Notwithstanding the foregoing, no such additional interim Distribution shall be made to classes of impaired Allegheny Claims unless the aggregate amount of any such additional Distributions is at least \$5 million. Interim distributions may be made from the Chemetron Holdback when amounts reach \$500,000.

(c) Holdback I, and interim and final Distributions from Holdback I to the Allegheny and Chemetron Holdbacks, shall be apportioned among the subject classes in accordance with their Holdback Rate which is equal to a fraction where the numerator is equal to the number of Holdback Shares for that class and the denominator is the Total Holdback Shares for all subject classes.

(d) The number of Holdback Shares to each class is determined by dividing (i) the Net Allowed Claims (the amount of such claims, less any cash distributed and not subject to Holdbacks) of such



class as of the Effective Date; by (ii) the Share Conversion Rate for such class. The Share Conversion Rate for each class is as follows:

2.AI.2:	7.00
4.AI.2:	7.88
5.AI.1:	11.57
7.AI.1:	15.71
5.CH.1:	7.88

(e) The Allegheny Holdback, and interim and final Distributions from the Allegheny Holdback to subject classes, shall be apportioned among the subject classes in accordance with their Holdback Rate which is equal to a fraction where the numerator is equal to the number of Holdback Shares for that class and the denominator is the Total Holdback Shares for all subject classes.

(f) The amount of the Chemetron Holdback is determined by multiplying (i) the amount of cash available for Distribution to Class 5.CH.1 after giving effect to Holdback I; by (ii) a number equal to 1.00, minus a fraction the numerator of which is equal to the amount of Allowed Claims as of the Effective Date and the denominator of which is equal to the aggregate amount of Disputed Claims plus Allowed Claims.

#### **7.8 Distributions to Equity Holders**

Allowed Interests shall receive from the Distribution Trust the Distributions provided for herein upon surrender of their securities. Distributions due Allowed Interests shall be made on the Effective Date to a Paying Agent.

#### **7.9 Unclaimed Property**

(a) Unclaimed Property (and all interest, dividends and other Distributions thereon) shall be deposited by the Distribution Trustee in a segregated account established by the Distribution Trustee where it shall be held in trust for the benefit of the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests entitled thereto under the terms of this Cash Plan. For a period of five (5) years following the Confirmation Date, Unclaimed Property shall be held in such segregated account solely for the benefit of the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests which have failed to claim such property. Upon presentation of proper proof by a holder of an Allowed Secured Claim, Allowed Claim or Allowed Interest of its entitlement to Unclaimed Property, the Distribution Trustee shall pay from the Unclaimed Property, in cash without interest, an amount equal to the aggregate Distributions which would have previously been made on such claim, as soon as practicable.

(b) At the end of five (5) years following the Confirmation Date, the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests theretofore entitled to Unclaimed Property shall cease to be entitled thereto, and the Unclaimed Property relating to Claims and Interests in Allegheny shall be paid into the Allegheny Holdback and Unclaimed Property relating to Claims against Chemetron shall be paid into the Chemetron Holdback and distributed to Allowed Claims pursuant to section 7.7(b).

#### **7.10 Timely Filing of Binding Compensation Estimates; Condition for Compensation or Expense Reimbursement Under Code sections 327, 328, 330, 503(b)(2 through 6) or 1103**

(a) Any person or entity which requests compensation or expense reimbursement of the nature and for the time period covered by a Binding Compensation Estimate pursuant to Code section 327, 328, 330, 503(b)(2 through 6) or 1103 must file a Binding Compensation Estimate with the Clerk of the Court prior to commencement of the hearing on Confirmation of the Plan or be forever barred from requesting or receiving any such compensation or expense reimbursement. No person or entity which fails to file a timely Binding Compensation Estimate shall be allowed or paid any Administrative Compensation Claim in respect of such compensation or expense reimbursement claim. No Administrative Compensation Claim shall be allowed or paid in excess of the Binding Compensation Estimate.

(b) The Distributions provided in this Plan are based on unpaid Administrative Compensation Claims not exceeding \$15,018,000, plus a reserve, established by the Court, in respect of Professional Fees not included in prior applications for interim compensation. To the extent that Administrative Compensation Claims are allowed to professional persons representing an impaired class of Claims such that the aggregate amount due in respect of Professional Fees to a professional person exceeds the Lodestar Amount, the amount awarded in excess of the Lodestar Amount shall be funded from the distributions allocable to the class of Claims which such professional persons seeking the excess compensation represent. To the extent that the aggregate unpaid Administrative Compensation Claims are less than \$15,018,000 plus the reserve established by the Court, the surplus goes to Purchaser.

(c) In the event that the Plan has not been consummated 90 days after confirmation, any person seeking an Administrative Compensation Claim shall file supplemental Binding Compensation Estimates for each month thereafter. Such supplemental estimates shall reflect a credit for amounts included in prior estimates in excess of the time actually spent.

(d) On the Effective Date, RCV shall establish an escrow account at Pittsburgh National Bank for the benefit of professional persons seeking payment of Administrative Compensation Claims. RCV will fund the reserve for unpaid professional fees incurred through and including July 2, 1990, to the extent such reserve exceeds \$15,018,000. The reserve required to fund Professional Fees incurred after that date will reduce the recovery to impaired classes of claims in proportion to their Holdback Rate for Holdback I. RCV reserves the right to increase the purchase price to fund Professional Fees incurred after July 2, 1990. Payments to professionals shall be paid from the reserve to such persons upon entry of a Final Order allowing such claim. To the extent that the aggregate Allowed Administrative and Priority Claims are less than the amounts deposited in the PNB Escrow Account, the surplus (including interest accrued on the funds on deposit) shall be paid first to the Distribution Trust to the extent that such reserve was funded from a reduction in the recoveries to impaired classes of claims, with any balance to be paid to RCV. Funds held in this reserve may be invested pursuant to section 345 of the Bankruptcy Code.

(e) The reserve created shall not exceed the amount of Binding Compensation Estimates filed by professional persons seeking payment of Administrative Compensation Claims except as adjusted by reason of a delay in consummation of the Plan pursuant to section 7.10(c), and for professional persons representing impaired classes of claims, shall not exceed the Lodestar Amount. To the extent that Claims for compensation that exceed the Lodestar Amount are allowed to professional persons representing an impaired class of claims, the amount awarded such professional persons in excess of the Lodestar Amount shall be funded from the distributions allocable to the impaired class of Claims which the professional persons seeking such excess amounts represents.

(f) The reserve created pursuant to this section does not provide for fees and expenses previously disallowed by the Court. If these expenses later become Allowed through an Order that becomes a Final Order, Purchaser will pay such amounts.

#### **7.11 Special Provisions Relating to Distributions to Holders of Public Subordinated Debt and Other Public Debt, and the Reinstated Sunbeam Debentures**

(a) As of the close of business on the Record Date for purposes of Distribution, the transfer ledger in respect of the Public Subordinated Debt and Other Public Debt shall be closed. The Distribution Trustee and the trustees or agents shall have no obligation to recognize any transfer of Public Subordinated Debt and Other Public Debt occurring after the Record Date. The Distribution Trustee and the trustees or agents shall be entitled instead to recognize and deal for all purposes herein with only those holders of record stated on the transfer ledger maintained by the trustees or agents for the Public Subordinated Debt and Other Public Debt as of the close of business on the Record Date. This subsection shall also apply to the Reinstated Sunbeam Debentures, if not Reinstated.

(b) Any Distributions to which the holders of the Public Subordinated Debt and Other Public Debt are entitled shall be made to a Paying Agent (which may be the respective trustees or agents under the

Public Subordinated Debt and Other Public Debt trust indentures or agreements provided the trustees or agents consent to act in such a capacity) for the benefit of the holders of the Public Subordinated Debt and Other Public Debt in accordance with the provisions of this section 7.11 and other provisions of this Plan. The indenture trustee for the Sunbeam 5½% Sinking Fund Debentures shall be the Paying Agent for Class 5.SB.3. RCV will assume the Paying Agents Fees for services rendered in connection with this Plan.

(c) If the Court does not authorize payment from the Estate for compensation and expense reimbursement claims (including fees and expenses of counsel) made by the Indenture Trustee under the Public Subordinated Debt Trust Indentures, the Indenture Trustee has advised that it intends to withhold a portion of the Distribution it receives on behalf of holders of Public Subordinated Debt under the Plan until its compensation and expense reimbursement claims are satisfied in full, pursuant to a lien for this purpose granted to the Indenture Trustee under section 607 of the Public Subordinated Debt Trust Indentures. The Other Public Debt trustees or agents may take similar appropriate action. Consequently, amounts actually received by holders of the Public Subordinated Debt and Other Public Debt may be less than the gross Distributions provided for under the Plan by the amount of Distributions applied by the trustees or agents to their compensation and expense reimbursement claims.

(d) No holder of Public Subordinated Debt or Other Public Debt shall be entitled to receive any Distribution from any such Paying Agent respecting such Claim unless and until such holder shall have first either (i) surrendered or caused to be surrendered to such Paying Agent the original debentures held by it, or (ii) in the event that such holder is unable to surrender his original debenture because same has been lost, destroyed, stolen or mutilated, (A) furnished such Paying Agent with an executed affidavit of loss and indemnity with respect thereto in form customarily utilized for such purposes that is reasonably satisfactory to such Paying Agent and to the Distribution Trustee and (B) provided to such Paying Agent a bond, in such amount and form as such Paying Agent shall direct, sufficient to indemnify such Paying Agent and the Indenture Trustee against any claim that may be made against such Paying Agent or the Indenture Trustee on account of the alleged loss, theft or distribution of any such certificate or the distribution of property hereunder. The method and procedure to be followed for surrendering debenture certificates and for providing affidavits and bonds shall be prescribed by the Proponent or the Distribution Trustee upon reasonable notice to holders of the Public Subordinated Debt and Other Public Debt. Promptly upon surrender of such instruments, such Paying Agent shall cancel such debentures and deliver the cancelled debentures to the Distribution Trustee. The Paying Agent(s) shall be compensated by the Distribution Trust for services rendered from and after the Confirmation Date in effectuating the surrender and cancellation of debenture certificates as provided under this subsection (d), in effectuating the Distribution contemplated by the Plan to the holders of the Public Subordinated Debt and Other Public Debt provided in the Plan, including the reasonable compensation, disbursements, and expenses of the agents and legal counsel of the trustees or agents, and shall be indemnified by the Distribution Trust for any loss, liability or expense incurred by it in connection with the performance of such duties to the same extent and in the same manner as provided in the applicable provisions of the Public Subordinated Debt and Other Public Debt trust indentures or agreements. The provisions of this paragraph shall also apply to Class 5.SB.3 in the event that such Claims are not Reinstated.

(e) At the end of five (5) years following the Confirmation Date, the holders of Public Subordinated Debt or Other Public Debt, who have failed to surrender their debenture certificate(s) or provide an affidavit and adequate bond, shall cease to be entitled to any Distribution under the Plan, and any Unclaimed Property resulting therefrom shall be distributed in accordance with section 7.9(b).

(f) The Distributions to the Class 7.AI.1 (Allegheny Subordinated Debt Claims) shall not be subject to levy, garnishment, attachment or other legal process by any other claimant of another class by reason of any claimed contractual subordination rights. The Confirmation Order shall provide that claimants of other classes shall be permanently enjoined from enforcing or seeking to enforce any such rights with respect to such Distributions to the holders of the Public Subordinated Debt.

#### **7.12 Termination of Indenture Trustee's Duties and Release of Trustees and Agents**

(a) On the Effective Date, the Public Subordinated Debt Trust Indentures and Other Public Debt trust indentures and agreements shall, except as provided in the Plan, be deemed cancelled, terminated and of no further force or effect. Notwithstanding the foregoing, such cancellation of the Public Subordinated Debt Trust Indentures and Other Public Debt trust indentures and agreements shall not impair the rights of holders of the Public Subordinated Debt and Other Public Debt to receive Distributions on account of such Claims pursuant to the Plan, nor will such cancellation impair the rights and duties under the Public Subordinated Debt Trust Indentures and Other Public Debt trust indentures and agreements as between the respective trustees or agents and the beneficiaries of the trust or arrangements created thereby, as set forth in the applicable provisions of Public Subordinated Debt Trust Indentures and Other Public Debt trust indentures or agreements, including, *inter alia*, the rights of the respective indenture trustee to enforce its lien. The provisions of this paragraph shall also apply to Class 5.SB.3 (Reinstated Sunbeam Debentures) in the event such Claims are not Reinstated; *provided, however*, that the indenture trustee for such Class shall have the right to file a Post-petition Interest Declaration and seek payment of such Post-petition Interest.

(b) Subsequent to the performance of the trustees or agents required under the provisions of this Plan and Confirmation Order and under the terms of the Public Subordinated Debt and Other Public Debt trust indentures and agreements, the trustees and agents and their successors and assigns shall be relieved of all obligations associated with the Public Subordinated Debt and Other Public Debt trust indentures and agreements. The provisions of this paragraph shall also apply to Class 5.SB.3 in the event that such Claims are not Reinstated.

#### **7.13 Distributions of Cash; Fractional Dollar Payments**

(a) At the option of RCV, O/S J.V. or the Distribution Trustee, any cash payment to be made pursuant to this Plan may be made by a check or wire transfer or as otherwise required or provided in the applicable agreements.

(b) Any other provision of this Plan notwithstanding, the Distribution Trustee, in its sole discretion, may elect not to pay fractions of dollars to any holder of an Allowed Secured Claim or an Allowed Claim. Whenever any payment of a fraction of a dollar would otherwise be called for, the actual payment made may reflect a rounding of such fraction to the nearest whole dollar (up if equal to or greater than \$0.50 and down if less than \$0.50).

(c) Whenever any payment to be made under this Plan is due on a day other than a Business Day, such payment will instead be made, without interest, on the next Business Day.

#### **7.14 Surrender of Outstanding Securities**

All Outstanding Securities that are not Reinstated are cancelled under this Plan as of the Effective Date. As a condition to receiving the Distributions provided for by the Plan, any holder of any such Outstanding Securities shall surrender such securities either (i) to the Distribution Trustee or (ii) as provided in section 7.11 hereof, to the indenture trustees for the Other Public Debt or the Indenture Trustee for Public Subordinated Debt, as applicable. All such Outstanding Securities surrendered to the Distribution Trustee shall be marked as "cancelled."

#### **7.15 Disputed Payments**

If any dispute arises as to the identity of a holder of an Allowed Claim, an Allowed Secured Claim or an Allowed Interest who is to receive any Distribution to be made under the Plan, the Distribution Trustee shall hold such payment or Distribution until the disposition thereof shall be determined by order of the Court or by written agreement among the interested parties to such dispute.

#### **7.16 Withholding Taxes**

The Distribution Trustee may deduct any federal or state withholding taxes made pursuant to the Plan, if applicable.

### **7.17 Cramdown**

If any impaired class of Claims or Interests of any Debtor fails to accept this Plan in accordance with Code section 1126, Proponent, at its option, reserves the right to request that the Court confirm the Plan in accordance with Code section 1129(b). If Class 7.AI.1 fails to accept the Plan, then no class of Allegheny Equity Interests shall receive any Distribution under the Plan. If Class 7.AI.1 accepts and, if any of Class 8.AI.1 (Allegheny Preference Stock Interests) or Class 8.AI.2 (Allegheny Preferred Stock Interests) or Class 9.AI.1 (Allegheny Common Stock Interest) fails to accept this Plan in accordance with Code section 1126, then such non-accepting class together with any class or classes junior thereto shall not receive any Distribution under this Plan. Any amounts not paid to Class 8.AI.1, 8.AI.2 and 9.AI.1, by reason of the failure of any Class of Claims or Interests to accept the Plan pursuant to section 1126 of the Code, shall reduce the Purchase Price of the Asset Purchase.

### **7.18 Resolution of OID Escrow**

(a) Until the Court or another court of competent jurisdiction issues an order which becomes a Final Order with respect to the Allowed Claim of the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002 of Allegheny, the Distribution Trustee shall withhold ratably from any Distributions to the holders of Allowed Claims in Class 7.AI.1 (Allegheny Subordinated Debenture Claims) Distribution Trust Assets sufficient to fund the OID Escrow. The Distribution Trustee shall distribute the OID Escrow to Class 7.AI.1 in accordance with the terms of such Final Order, except as the Distributions may be subject to the Holdback.

(b) The holders of Class 7.AI.1 (Allegheny Subordinated Debenture Claims) shall be offered the opportunity to resolve the foregoing dispute by accepting the resolution thereof ordered by the Court in Motion No. 88-7341M (the "Bankruptcy Court OID Order"), which order is presently on appeal (the "Appeal") to the United States District Court for the Western District of Pennsylvania at No. 89-1781. In the event that (i) the holders of the 10.4% Subordinated Sinking Fund Debentures due 2002 of Allegheny approve this resolution by a separately tallied vote consistent with the acceptance requirements of section 1126(c) of the Code and (ii) the holders of the 9% Subordinated Sinking Fund Debenture due 1989 and of the 10¾% Subordinated Sinking Fund Debentures due 1999 voting together approve this resolution by a separately tallied vote consistent with the acceptance requirements of section 1126(c) of the Code, then the Court shall include as part of its Confirmation Order an order directing the parties to the Appeal to withdraw their respective appeals to permit the Bankruptcy Court OID Order to become a Final Order. If the Bankruptcy Court OID Order becomes a Final Order on or before the Effective Date, the Distribution Trustee shall distribute on the Effective Date the Distribution to Class 7.AI.1 (Allegheny Subordinated Debenture Claims) described in section 5.2 hereof without any withholding for the OID Escrow. If, however, the Bankruptcy Court OID Order does not become a Final Order on or before the Effective Date as a result of the mechanism outlined in this section 7.18, the Distribution to Class 7.AI.1 (Allegheny Subordinated Debenture Claims) shall be made as provided in section 5.2 hereof subject to the OID Escrow.

(c) In the event that the OID Dispute is not settled, upon Confirmation, Proponent will ask the Bankruptcy Court to appoint representatives to conduct the Litigation on behalf of the Disputed Claim holders and on behalf of the holders of Allowed Claims in Class 7.AI.1. The expenses of any such representatives and their counsel shall be paid first from the earnings on the OID Escrow and thereafter from the Escrow.

### **7.19 Committee to Oversee Settlements of Disputed Claims**

A committee shall be formed consisting of two members of the Official Creditors' Committee, one representing Class 4.AI.2 and one representing Class 7.AI.1, one member designated by a majority in amount of Class 2.AI.2 Claims and the Distribution Trustee or a representative of the Distribution Trustee (the "ADC Committee"). The ADC Committee shall approve all settlements of Allegheny Disputed Claims after the Effective Date. Settlements of Disputed Claims against Chemetron shall be approved by a representative of Class 5.CH.1 and the Distribution Trustee (the "Chemetron

Committee"). The settlement of Disputed Claims covered by Holdback I shall be approved by a Committee composed of a representative of the ADC Committee, the representative of Class 5.CH.1 and the Distribution Trustee. The Distribution Trust shall pay reasonable costs and expenses of the ADC Committee from the income from the Allegheny Holdback and of the Chemetron Committee from the income of the Chemetron Holdback. Costs and expenses relating to settlement of Disputed Claims covered by Holdback I shall be apportioned between the Allegheny Holdback and the Chemetron Holdback on an equitable basis.

## **ARTICLE 8**

### **EFFECT OF THE PLAN ON CLAIMS AND INTERESTS**

#### **8.1 Sale of Assets Free and Clear**

(a) The transfer of the Allegheny Assets to RCV shall be free and clear of any and all liens, encumbrances, claims, and interests of Allegheny's creditors and shareholders, except RCV Assumed Liabilities and liens or encumbrances relating to RCV Assumed Liabilities, and claims relating to executory contracts assumed by RCV and SAHL.

(b) The transfer of the SAC/Oster Assets to O/S J.V. shall be free and clear of any and all liens, encumbrances, claims and interests of any of the Debtors' creditors or shareholders, except the SAC/Oster Assumed Liabilities and liens or encumbrances relating to the SAC/Oster Assumed Liabilities, and Claims relating to executory contracts assumed by O/S J.V.

#### **8.2 Discharge**

The confirmation of this Plan with respect to Sunbeam Corporation, Sunbeam Holdings, Inc., Almet/Lawnlite, Inc., Chemetron Corporation, Integrated Specialties, Inc., Allegheny International (USA), Inc., AL-Industrial Products, Inc., Allegheny International Exercise Co., Woodshaft, Inc., Chemetron Investments, Inc., Infoswitch, Inc. and Eliskim, Inc., will discharge each such Debtor from any debt that arose before the date of confirmation of the Plan, except RCV Assumed Liabilities and SAC/Oster Assumed Liabilities. Holders of Claims against such Debtors which are not RCV Assumed Liabilities or SAC/Oster Assumed Liabilities will have recourse pursuant to the terms of the Plan solely to the Distribution Trust, and Holdback I, the Allegheny Holdback, the Chemetron Holdback, the OID Escrow, and/or the Unclaimed Property Fund.

#### **8.3 Claims and Interests Satisfied Out of Distribution Trust**

All rights of holders of Claims against or Interests in any and all of the Debtors shall be limited to the right to receive Distributions exclusively out of the Distribution Trust, except as expressly set forth in this Plan. Holders of Claims or Interests shall have no further rights against RCV, SAHL NMGM, or O/S J.V. or the assets sold.

#### **8.4 Defenses Retained**

The Distribution Trustee shall retain all defenses to Disputed Claims and Claims for Post-Petition Interest, and shall have the power to contest and litigate any Disputed Claims or Claim for Post-petition Interest; and prosecute or defend any appeal of an order in the Cases which may affect the Distribution Trust.

#### **8.5 Allowance of Certain Claims**

The following claims shall be Allowed Claims, in an amount equal to the principal prepetition amount due plus any interest accrued thereon prior to the Filing Date: the 4 $\frac{5}{8}$ % Notes due 1990; the 9% Subordinated Sinking Fund Debentures due 1989; the 10.75% Subordinated Sinking Fund Debentures due 1999; the 10.4% Subordinated Sinking Fund Debentures due 2002 (to the extent of \$25,700,000); the 9 $\frac{3}{4}$ % Notes due 1982-1996; 9% Sinking Fund Debentures due 1995, Pittsburgh

National Bank 6¾% Notes due 1989; the 7¾% Swiss Franc Notes due 1988; the Chemetron 10½% Notes due 1990; and the Chemetron 9% Debentures due 1994; plus, the claims of the Banks or their Assignees as set forth in Schedule E hereto, which shall be Allowed Secured Claims, to the extent set forth therein. The balance of any such Claims shall be disallowed.

#### **8.6 Allegheny to Be Dissolved**

Following the Effective Date and Consummation of this Plan, Proponent shall move for entry of an Order of the Court dissolving Allegheny International, Inc.

### **ARTICLE 9**

#### **EXECUTORY CONTRACTS AND CONDITIONS**

##### **9.1 Executory Contracts and Unexpired Leases: Assumption, Rejection and Bar Date for Rejection Claims**

On the Effective Date, all executory contracts of Sunbeam, Holdings and Almet/Lawnlite shall be assumed (and to the extent necessary assigned to Purchaser or an affiliate of Purchaser) pursuant to the provisions of Bankruptcy Code sections 365 and 1123, except: (a) any executory contracts which are the subject of separate motions to reject filed pursuant to section 365 before entry of the Confirmation Order; (b) such contracts as are listed in the "Schedule of Rejected Executory Contracts" to be filed by Proponent on or before the entry of the Confirmation Order, all of which contracts shall be rejected pursuant to the provisions of Code sections 365 and 1123; and (c) all executory contracts or unexpired leases rejected before the Confirmation Date. On the Effective Date all executory contracts or unexpired leases of Debtors other than Sunbeam, Almet/Lawnlite and Holdings shall be rejected except: any executory contracts or unexpired leases which are the subject of motions to assume filed pursuant to the provisions of Code section 365 and all executory contracts or unexpired leases assumed before the Effective Date. Proofs of Claims arising from rejection of executory contracts pursuant to this Plan must be filed prior to the thirtieth (30th) day after the mailing of the Notice of Confirmation with the Clerk of the Court or with the Distribution Trustee as agent for the Clerk or be forever barred.

##### **9.2 Conditions to Confirmation**

The Cash Plan may not be confirmed unless each of the conditions set forth below has been satisfied.

(a) Proponent shall have received commitments for the Bank financing necessary to fund the Plan.

Funding of the commitments for the Bank financing will be conditioned on the Bank Lenders receiving mortgages on and security interests in substantially all of SAHL's assets, and on the assets of SAHL's subsidiaries that guaranty SAHL's obligations to the Bank Lenders. Funding will also be subject to execution and delivery of loan documentation satisfactory to all parties which documentation will be consistent with the Lender Banks' Commitments. The Commitments will also be subject to the condition that SAHL's common equity will be at least \$125,000,000. The obligation to fund may also be subject to the condition that the Bank Lenders or the Agent or Co-Agents receive title insurance in favor of the Agent for Bank Lenders and the receipt of legal opinions concerning the perfection and enforceability of mortgage liens and security interest granted by SAHL and its subsidiaries.

(b) Cash on Hand as of the Confirmation Date shall be at least \$100,000,000, or Proponent must advise the Court whether it will proceed to consummate the Plan notwithstanding the fact that Cash on Hand is less than that amount.

### **9.3 Conditions to Consummation**

This Plan may not be consummated unless each of the conditions set forth below has been satisfied. Except as provided below, any one or more of the following conditions may be waived at any time by the Proponent:

- (a) The Confirmation Order shall have been entered with respect to each Debtor and shall not be subject to any stay.
- (b) Between Confirmation and Consummation of the Plan, there is no material deterioration in the level of Cash on Hand and current assets. For this purpose, proceeds of the sale of assets out of the ordinary course of business from the Confirmation Date to the consummation date shall not increase the Cash on Hand.
- (c) The Institutional Structured Settlement shall be effective in accordance with sections 6.1 and 6.2 of this Plan.
- (d) There shall have been entered a Final Order approving a settlement, satisfactory to Purchaser, of the dispute regarding the claim of Liberty Mutual, pursuant to the terms of which Liberty Mutual will acknowledge its obligation to provide product liability coverage for years prior to 1988.
- (e) The Court shall have estimated the amounts necessary to fund Holdback I and the Allegheny and Chemetron Holdbacks, and 10 days shall have passed since the entry of such Order and no stay shall have been obtained with respect thereto.

### **9.4 Conditions Under Which Proponent Will Withdraw Plan**

(a) Proponent shall withdraw the Cash Plan if an order is entered confirming such Cash Plan and subsequent to 30 days after entry of a Confirmation Order, Proponent is unable to consummate the Cash Plan for reasons other than the occurrence of one or more of the following events: (i) the issuance of a stay of the Confirmation Order; (ii) the failure of the Institutional Structured Settlement to become effective; (iii) the failure of the Debtors to submit for approval of the Court the Liberty Mutual Settlement or the failure of the Court to enter an order approving such settlement or the failure of such order to become Final; (iv) the occurrence of a material deterioration in the level of Cash on Hand and current assets between the Confirmation Date and consummation of the Cash Plan; (v) the failure of the Debtors to provide reasonable cooperation to the Bank Lenders and their counsel so as to permit the closing of the Bank Financing; or (vi) a delay in the entry of an order estimating the amounts necessary to fund Holdback I and the Allegheny and Chemetron Holdbacks or the failure of 10 days to have passed since entry of such order or entry of a stay with respect to such order.

(b) In the event that there is a material deterioration in the level of Cash on Hand and current assets, Proponent shall have 20 days from the date Proponent is advised of such fact to determine the reason for such deterioration and determine whether or not to waive such condition. In making this determination, proceeds of sales of assets out of the ordinary course of business between Confirmation and consummation are not included within Cash on Hand. In this connection, the Debtors will cooperate with Proponent and its accountants in connection with the determination of the reason for such deterioration. If the Court determines that the Debtors have not complied with the Confirmation Order regarding cooperation with Proponent, the time period shall be stayed until appropriate cooperation is provided.

(c) The Confirmation Order shall include provision directing the debtor to consummate the Liberty Mutual Settlement. Proponent will independently use its best efforts to obtain a Final Order of the Court approving such settlement. Proponent will also use its best efforts to obtain orders of the Court estimating the amount of Claims reserves as described in the Cash Plan.



**ARTICLE 10**  
ADMINISTRATIVE PROVISIONS

**10.1 Directors of the Reorganized Company**

Upon the Effective Date, the Officers and Board of Directors of RCV, Inc., and of O/S J.V., Inc. shall consist solely of the individuals described in the Disclosure Statement to which this Plan is attached as an exhibit.

**10.2 Retention of Jurisdiction**

Notwithstanding confirmation of this Plan or the Effective Date having occurred, until the Court closes the Reorganization Cases pursuant to Bankruptcy Rule 3022, the Court shall retain jurisdiction for the following purposes:

- (a) Determination of the allowability of Claims and Interests upon objection to such Claims by a Debtor or by any other party in interest;
- (b) Determination of tax liability, pursuant to Code section 505;
- (c) Determination of requests for payment of administrative expenses entitled to priority under Code section 507(a)(1), including compensation of parties entitled thereto;
- (d) Resolution of controversies and disputes regarding the interpretation of this Plan;
- (e) Implementation of the provisions of this Plan and entry of orders in aid of confirmation of this Plan;
- (f) Modification of the Plan pursuant to Code section 1127;
- (g) Entry of a Final Order closing the Reorganization Cases;
- (h) Resolution of Claims for Post-petition Interest and disputed payments;
- (i) Interpretation of the Release of Claims against Secured Bank Lenders to be granted pursuant to section 5.2(a) of this Plan except the proceeding commenced by *praecipe* GD88-7459 in the court of Common Pleas of Allegheny County, Pennsylvania by Aetna Life Insurance Company, The Equitable Life Assurance Society of the United States, Teachers Insurance and Annuity Association of America, The Travelers Insurance Company, New York Life Insurance Company, Equitable Casualty Company, Connecticut Mutual Life Insurance Company, Aetna Life Insurance Company of Illinois, State Mutual Life Insurance Company of America, The Franklin Life Insurance Company, and The Lincoln National Life Insurance Company;
- (j) Determination of disputes involving claims against the Distribution Trust; and
- (k) Entry of an order dissolving Allegheny International, Inc.

**10.3 Governing Law**

Except to the extent the Code or Bankruptcy Rules and other Federal laws apply and except for Reinstated contracts which are governed by the laws of another state, the rights and obligations arising under this Plan shall be governed by the laws of the State of Delaware, without giving effect to principles of conflicts of law.

**10.4 Amendments; Modifications**

(a) Proponent may modify the Plan at any time prior to the entry of the Confirmation Order, *provided* that the Plan as modified meets the requirements of the Code.

(b) After the Plan has been accepted and before its confirmation, Proponent may file a modification of the Plan. If the Court finds, after a hearing on notice, that the proposed modification does not adversely change the treatment of the Claim of any creditor or the Interest of any equity



## EXHIBIT A

### DISTRIBUTION TRUST AGREEMENT

THIS DISTRIBUTION TRUST AGREEMENT ("Agreement") is made this        day of 1990, between Allegheny International Exercise Co. ("AI Exercise Co."), Allegheny International (USA), Inc. ("AI (USA)"), Allegheny International ("Allegheny"), AL-Industrial Products, Inc. ("AL-Industrial Products"), Almet/Lawnlite, Inc. ("Almet/Lawnlite"), Chemetron Corporation ("Chemetron"), Chemetron Investments, Inc. ("Chemetron Investments"), Eliskim, Inc. ("Eliskim"), Sunbeam Holdings, Inc. ("Holdings"), Infoswitch, Inc. ("Infoswitch"), Integrated Specialties, Inc. ("Integrated Specialties"), Sunbeam Corporation ("Sunbeam"), and Woodshaft, Inc. ("Woodshaft") (collectively, the "Debtors"), and       , as Trustee (the "Trustee").

### RECITALS

On February 20, 1988, Allegheny, Sunbeam, Chemetron, Almet, Lawnlite, and Holdings, and on May 3, 1988, AI Exercise Co., AI (USA), AL-Industrial Products, Chemetron Investments, Eliskim, Infoswitch, Integra: : Specialties and Woodshaft each filed petitions for reorganization under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Western District of Pennsylvania (the "Court"). On January 24, 1990, Japonica Partners, L.P., a Rhode Island limited partnership (the "Proponent") filed its Plan of Reorganization (as amended, the "Plan") with the Court. This Agreement is executed in order to facilitate implementation of the Plan. Under the terms of the Plan, the Asset Purchase Proceeds shall vest on the Effective Date in the Trust evidenced hereby for the purpose of making Distributions in an orderly and expeditious manner to the holders of Allowed Claims, Allowed Secured Claims and Allowed Interests in accordance with the Plan. All rights of holders of Allowed Claims, Allowed Secured Claims and Allowed Interests to receive Distributions on account of such Allowed Claims, Allowed Secured Claims and Allowed Interests are limited to the right to receive such Distributions out of Trust Assets under the terms hereof.

### DECLARATION OF TRUST

NOW, THEREFORE, in order to declare the terms and conditions hereof, and in consideration of the premises, of the due acceptance of the Plan pursuant to section 1126 of the Bankruptcy Code, of the sum of one dollar to it duly paid by the Trustee at the execution of these presents and of other good and valuable consideration, the receipt thereof is hereby acknowledged, the Debtors have executed this Agreement and absolutely assign to the Trustee hereby, and to his or its successors in trust, and his or its successors and assigns, all rights, title and interest of the Debtors in and to the Trust Assets;

TO HAVE AND TO HOLD unto the Trustee and his or its successors in trust and his or its successors and assigns forever;

IN TRUST NEVERTHELESS, under and subject to the terms and conditions set forth herein and for the benefit of the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests and for the performance of and compliance with the terms hereof and of the Plan;

PROVIDED, HOWEVER, upon the Final Distribution of all Trust Assets in accordance with the terms and conditions of this Agreement and the Plan, then this Agreement shall cease, terminate and be of no further force and effect;

IT IS HEREBY FURTHER COVENANTED AND DECLARED, that the Trust Assets are to be held and applied by the Trustee subject to the further covenants, conditions and terms hereinafter set forth.

**ARTICLE I**  
**DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings set forth below:

1.01 **Allowed Claim** means a Claim, other than an Allowed Secured Claim, Administrative Expense Claim, Administrative Compensation Claim or a Claim for Post-petition Interest, (i) as to which (a) no proof has been filed with the Court and (b) the liquidated and noncontingent amount of which is scheduled by Debtors pursuant to the Code as undisputed, or (ii) as to which proof has been timely filed in a liquidated and non-contingent amount with the Court or with AI as agent for the Clerk of the Court pursuant to the Code or any order of the Court, or late filed with leave of the Court after notice and a hearing, *provided that* (a) no objection to the allowance of such Claim or motion to expunge such Claim has been interposed before any final date for the filing of such objections or motions set forth in the order of the Court confirming the Plan or (b) if such objection or motion has been filed, such objection or motion has been overruled by a Final Order, or such Claim has been otherwise allowed by a Final Order.

1.02 **Allowed Interest** means any Interest in any Debtor, exclusive of any shares of such stock held in treasury, which is registered as of the Record Date in the stock register maintained by or on behalf of the Debtor and as to which no objection has been made or which has been allowed (and only to the extent allowed) by a Final Order.

1.03 **Allowed Secured Claim** means a Claim (i) all or any portion of which is secured by a lien on property in which a Debtor has an interest, to the extent of the value of the interest of the holder of such Claim in such property of the Debtor, together with such interest and reasonable fees, costs and charges as may be allowed by the Court under Code section 506(b), (ii) either (a) scheduled by any of the Debtors pursuant to the Code as undisputed, other than a Claim scheduled as disputed, contingent or unliquidated, and as to which no proof of Claim has been timely filed or (b) proof of which has been timely filed in a liquidated amount with the Court pursuant to the Code or any order of the Court, or late filed with leave of the Court after notice and a hearing, and (iii) either (a) no objection to the allowance of which or a motion to expunge which has been interposed before any final date for the filing of such objections or motions set forth in the order of the Court confirming the Plan, or (b) any objection to the allowance of which or a motion to expunge which has been overruled by a Final Order, (c) which is an Allowed Secured Claim pursuant to the Confirmation Order, or (d) which has otherwise been allowed by a Final Order. A proof of claim shall be deemed filed in a liquidated amount if the amount of the Claim as of the Filing Date was liquidated, even if the amounts allowable under Code section 506(b) were unliquidated on the Filing Date.

1.04 **Asset Purchase** shall mean the Asset Purchase provided for in Section 7.1 of the Plan between Allegheny International, Inc., as seller, and RCV, Inc., and O/S J.V., Inc., newly-formed Delaware corporations, as buyers, to purchase all of the assets of Allegheny.

1.05 **Asset Purchase Proceeds** means the cash received by the Distribution Trust pursuant to the Asset Purchase.

1.06 **Cash** means cash and cash equivalents, including but not limited to, bank deposits, checks and other similar items.

1.07 **Claim** means a claim against one or more of the Debtors, whether or not asserted, as defined in Section 101(4) of the Code.

1.08 **Creditors Entitled to Notice** means the members of the Disputed Claims Committees formed under section 7.19 of the Plan, and any other creditor who serves a written demand for such notice on the Distribution Trustee.

1.09 **Debtors** means AI Exercise Co., AI (USA), Allegheny, AL-Industrial Products, Almet/Lawnlite, Chemetron, Chemetron Investments, Eliskim, Holdings, Infoswitch, Integrated Specialties, Sunbeam and Woodshaft, individually or collectively as the context requires.

1.10 **Distribution(s)** means the payment(s) of cash which is required pursuant to the Plan to be distributed to the holders of Allowed Secured Claims, Allowed Claims and Allowed Interests and the beneficiaries of any Final Orders directing payment of Claims for Post-petition Interest, and includes payments required to cure defaults on Reinstated Claims.

1.11 **Distribution Date** means the first date upon which the Trustee makes a Distribution, which shall be the Effective Date.

1.12 **Final Distribution** means the earlier of (i) the Distribution which shall occur when the Trustee distributes all the Trust Assets, or (ii) the Distribution which shall occur pursuant to Section 3.04 hereof.

1.13 **Holdback** means the amount of Cash required to fully fund reserves for Disputed Claims and/or Post-petition Interest Declarations which are not Allowed Claims on the Effective Date and thereafter are allowed, as described in Section 7.7 of the Plan.

1.14 **Plan** means the Amended Plan of Reorganization of the Proponent dated April 15, 1990, as it may be altered, amended or modified from time to time.

1.15 **Purchaser** means RCV, Inc. and/or O/S J.V., Inc., newly formed Delaware corporations.

1.16 **Schedule** means the schedules of claims against the Debtors, as amended, filed by the Debtors with the Bankruptcy Court.

1.17 **Trust** means the trust created by this Agreement.

1.18 **Trust Assets** means the Asset Purchase Proceeds deposited in Trust pursuant to the Plan and the proceeds thereof and any interest earned thereon, excluding assets distributed, expended or otherwise disposed of by the Trustee.

1.19 **Trustee** means the trustee hereunder, as selected by the Proponent and his or its successor as selected by the Committee formed under Section 7.19 of the Plan, and any successor thereof.

1.20 **Unclaimed Property** means any Cash which is unclaimed on the 180th day following the Effective Date or the Distribution Date, whichever is later. Unclaimed Property shall include: (a) checks (and the funds represented thereby) which have been mailed to a Proper Address and returned as undeliverable without a proper forwarding address, (b) funds for checks which have not been paid, and (c) checks (and the funds represented thereby) which were not mailed or delivered because of the absence of a Proper Address to which to mail or deliver such property.

1.21 **Unclaimed Property Fund** means the separate account established by the Trustee to hold funds for the purpose of satisfying Claims for Unclaimed Property asserted 180 days after the Effective Date or the Distribution Date, whichever is later, and prior to five years after the Effective Date.

1.22 **Other Defined Terms.** Terms defined in the Plan, and not otherwise specifically defined herein, shall, when used herein, have the meanings attributed to them in the Plan. Terms defined in the Bankruptcy Code, and not otherwise specifically defined in the Plan or herein, shall, when used herein, have the meanings attributed to them in the Bankruptcy Code.

## ARTICLE II

### TRUSTEE'S ACCEPTANCE AND ASSUMPTION

2.01 **Acceptance.** The Trustee accepts the trust imposed upon him or it by this Agreement, and agrees to observe and perform that trust, upon and subject to the terms and conditions set forth herein.

## ARTICLE III

### OBLIGATIONS OF THE TRUSTEE

3.01 **Delivery and Deposit.** On the Effective Date of the Plan, the Trustee shall accept delivery of the Asset Purchase Proceeds, immediately make such Distributions as are required to be made on the Effective Date, and deposit the remaining proceeds in Trust for the benefit of holders of Allowed Claims, Allowed Secured Claims and Allowed Interests.

3.02 **Establishment of Trust Funds.** The Trustee shall establish the following funds:

(a) As of the Effective Date, the Trustee shall establish an account ("Holdback I") for the purpose of fully funding Distributions to be made on account of Disputed Claims as of the Effective Date for unimpaired classes of Claims and of Distributions made pursuant to a Final Order with respect to Post-petition Interest Declarations filed by holders of Claims against Sunbeam, Holdings and Almet/Lawnlite to the extent any such Claims are not settled pursuant to the Post-petition Interest Settlement. The Trustee shall deposit in Holdback I the dollar amount of Trust Assets specified by order of the Court as required to fully fund all Distributions which would be required should all Disputed Claims in such classes of claims become Allowed Claims or if such Post-petition Interest Declarations should be allowed pursuant to Final Orders in the maximum amount determined by the Court in determining the dollar amount of Holdback I.

(b) As of the Effective Date, the Trustee shall establish a second account (the "Allegheny Holdback") for the purpose of fully funding Distributions to be made on account of Claims against Allegheny in impaired classes that are Disputed Claims as of the Effective Date. The Trustee shall deposit in the Allegheny Holdback the dollar amount of Trust Assets specified by order of the Court to fully fund all Distributions which would be required should all Disputed Claims in Allegheny impaired classes of claims be allowed pursuant to Final Orders.

(c) As of the Effective Date, the Trustee shall establish a third account (the "Chemetron Holdback") for the purpose of funding Distributions to be made on account of Claims in Class 5.CH.1 that are Disputed Claims as of the Effective Date. The Trustee shall deposit in the Chemetron Holdback the dollar amount of Trust Assets specified by order of the Court to fully fund all distributions which would be required should all Disputed Claims in the Chemetron impaired classes of claims be allowed pursuant to Final Order.

(d) Quarterly, or sooner if the Distribution Trustee determines that excess funds will be available for interim distributions, the Distribution Trustee shall recompute the amount necessary to fully fund Holdback I and the Allegheny and Chemetron Holdbacks. The Distribution Trustee shall distribute any excess, from Holdback Account I to the Allegheny and Chemetron Holdbacks in proportion to the rate in which the subject classes share in Holdback I. Any excess in the Allegheny and Chemetron Holdbacks shall be made available for Distribution to classes subject to the Holdbacks. Notwithstanding the foregoing, no such additional interim Distribution shall be made to classes of impaired Allegheny claims unless the aggregate amount of any such additional Distributions is at least \$5 million. Interim distributions may be made from the Chemetron Holdback when amounts reach \$500,000.

(e) The Trustee shall establish an Unclaimed Property Fund as a segregated account, for the purpose of ensuring recovery by holders of Unclaimed Property. The Trustee shall deposit all Unclaimed Property in the Unclaimed Property Fund where the Unclaimed Property shall be held

in trust for the benefit of the holders of Allowed Claims, Allowed Secured Claims and Allowed Interests entitled thereto under the terms of the Plan for a period of five (5) years following the Confirmation Date. Upon presentation of proper proof by a holder of an Allowed Claim, Allowed Secured Claims or Allowed Interest of its entitlement to Unclaimed Property, the Distribution Trustee shall pay, as soon as practicable, from the Unclaimed Property Fund, in Cash without interest, an amount equal to the aggregate Distributions which would have previously been made.

### 3.03 Distributions.

(a) The Trustee shall make Distributions solely out of the Trust Assets.

(b) On the Effective Date, the Trustee shall make the Distributions to or for the account of holders of Allowed Secured Claims, Allowed Claims and Allowed Interests as provided in the Plan and subject to the condition where specified in the Plan that securities of the Debtors be tendered to the Trustee or a Paying Agent.

(c) With respect to Claims which are Disputed Claims or Claims for Post-petition Interest as of the Effective Date, at such time as a Disputed Claim becomes an Allowed Claim or a Final Order directing the payment of a Claim for Post-petition Interest is entered, the Initial and Interim Distributions due the holder of such Claim will be paid by the Trustee as soon as practicable after such Claim becomes an Allowed Claim pursuant to the Plan.

**3.04 Termination of Trust.** When Trust Assets in Holdback I and the Allegheny and Chemetron Holdbacks are no longer required to fund Distributions to holders of Disputed Claims, at such time as all or a portion of the last remaining Disputed Claims are allowed or disallowed, or at such time as the Bankruptcy Court and the Trustee shall determine, the Trustee shall make a Final Distribution by distributing any Trust Assets as augmented by any Trust Assets remaining in the Unclaimed Property Fund, as provided in the Plan to holders of Allowed Claims or Allowed Secured Claims. The Trust shall terminate within the life of the original Trustee plus 21 years, plus the period of human gestation. All expenses of administration of the Trust shall be satisfied at this time. Any holder of an Allowed Secured Claim or Allowed Claim has standing to request the Court to direct the Trustee to make the Final Distribution from the Trust.

**3.05 Reports.** The Trustee shall furnish to the Proponent, the Creditors Entitled to Notice and as soon as practicable after the end of (i) the month in which the Effective Date occurs or (ii) each calendar quarter beginning July 1, 1990 and thereafter, a report showing all transactions and the amounts thereof (including all settlements of Disputed Claims, settlements of Claims, payments on account of Allowed Claims and other disbursements) consummated during the report period and transactions and payments (including all settlements of Disputed Claims, settlements of Claims, payments on account of Allowed Claims and other disbursements) which the Trustee proposes to make or consummate during subsequent months (projected for at least six months forward), identified as to the forecasted month in which such intended transaction or payment is scheduled to be consummated.

**3.06 Investment Obligations.** Cash constituting part of the Trust Assets shall, to the extent permitted by applicable law, be invested by the Trustee pursuant to Bankruptcy Code section 345 in (i) direct obligations of, or obligations guaranteed by, the United States of America having a remaining time to maturity of not more than 120 days; and (ii) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof having a remaining time to maturity of not more than 120 days; *provided, however,* that the Trustee may, to the extent necessary to implement the provisions of the Trust, deposit cash in demand deposits at any bank or trust company (including, if applicable, the Trustee) which has, at the time of the acquisition by the Trustee of such investments, a capital stock and surplus aggregating at least \$100,000,000. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make Distributions from the Trust Assets, as the case may be. Earnings on such investments shall first be applied to reimburse the expenses incurred with the

maintenance of this Trust and the Disputed Claims Committees, as provided in the Plan. Earnings in excess of such expenses shall be deposited by the Trustee in the Allegheny Holdback.

Any of the foregoing securities purchased with any of the Trust Assets shall be deemed a part of the Trust Assets and, for the purpose of determining the value of the Trust Assets, the securities therein shall be valued at their cost or market value, whichever is lower. All interest and distributions received by the Trustee in respect of securities constituting part of the Trust Assets shall be a part of the Trust Assets. If at any time it shall become necessary that some or all of the securities in the Trust Assets be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Agreement or the Plan, the Trustee shall effect such redemption or sale, in such manner and at such time as the Trustee, in his or its discretion, deems reasonable.

**3.07 Best Efforts.** The Trustee shall use his or its best efforts to maximize the amount of Trust Assets for distribution to holders of Allowed Claims and Allowed Secured Claims pursuant to the Plan.

## ARTICLE IV

### POWERS OF THE TRUSTEE

**4.01 Title.** On the Effective Date of the Plan, the Purchaser shall deliver the Asset Purchase Proceeds to the Trustee. Legal title to all such Trust Assets shall be vested in the Trustee, except that the Trustee shall have the power to cause legal title (or evidence of title) to any of the Trust Assets to be held by any nominee or person, on such terms, in such manner, and with such power as the Trustee may determine.

**4.02 Management Power.** Except as otherwise provided in this Agreement or in the Plan, and subject to the retained jurisdiction of the Bankruptcy Court, the Trustee shall have, without prior or further authorization, control and authority over the Trust Assets, over the acquisition, management and disposition thereof, and over the management and conduct of the business of the Trust to the same extent as if the Trustee were the sole owner thereof in his or its own right. No person dealing with the Trust shall be obligated to inquire as to the authority of the Trustee in connection with the acquisition, management or disposition of Trust Assets. In connection with the management and use of the Trust Assets, the Trustee's powers, except as otherwise expressly limited in this Agreement, shall include, but shall not be limited to, the following: (i) to accept the Asset Purchase Proceeds on the Effective Date; (ii) to pursue objections to Claims in the proceedings for reorganization of the Debtors; (iii) to make Distributions of Trust Assets to the holders of Allowed Claims, Allowed Secured Claims and Allowed Interests in accordance with the terms of the Plan; (iv) to sell Trust Assets or any part thereof or any interest therein, upon such terms and for such consideration as he or it deems proper; (v) to prosecute and defend all actions affecting the Trust and, with the committees formed pursuant to Section 7.19 of the Plan, to compromise or settle any suits, claims or demands, or waive or release any rights relating to the Trust; (vi) to endorse the payment of notes or other obligations of any person or to make contracts with respect thereto; (vii) to purchase insurance with such coverage and limits as he or it deems desirable including without limitation insurance covering liabilities of the Trustee incurred in connection with his or its service as Trustee; (viii) to appoint, engage, or employ officers, employees and other persons, firms or corporations, including consultants, accountants, technical, financial, real estate or investment advisors or managers, attorneys, agents or brokers, corporate fiduciaries, depositories, or such other persons, firms or corporations, as the Trustee shall deem necessary or desirable; *provided, however,* that whenever appropriate or reasonable, the Trustee, in his or its discretion, shall assign to his or its regularly employed employees the performance of all acts or duties necessary or desirable in connection with the satisfaction of the Trustee's responsibilities hereunder, (ix) to deposit any monies or securities with any one or more banks, trust companies or other banking institutions upon such terms as the Trustee shall determine, subject to the provisions of Section 3.07



hereof; and (x) to engage in all acts that would constitute ordinary course of business in performing the obligations of a trustee under a trust of this type. In addition, the Trustee shall have the power to engage in any additional acts, provided that such acts shall be consummated only after not less than 20 days' notice to the Purchaser and all Creditors Entitled to Notice. If within such 20-day period written objection to any such act is filed in the Bankruptcy Court, with a copy thereof sent by certified mail to the Trustee, such act shall be consummated only upon approval by the Bankruptcy Court after a hearing with respect thereto.

#### **4.03 Retention of Attorneys.**

(a) Without limiting the Trustee's powers under Section 4.02(viii), the Trustee may retain counsel to perform such services as are necessary or appropriate in connection with the resolution of Claims.

(b) Notwithstanding any applicable attorney-client privilege, the Trustee hereby authorizes counsel to disclose any matters which they deem appropriate relating to counsel's performance of its specified duties to the Disputed Claims Committee established pursuant to Section 7.19 of the Plan and any other party as directed by the Bankruptcy Court from time to time.

**4.04 Retention of Accountants.** The Trustee may retain an independent public accounting firm, or such other firm as is approved by the Court, as the auditors of the Trust to prepare income tax returns for the Trust to review the financial controls and related procedures of the Trust and perform such other reviews and/or audits as may be appropriate. All reports issued by such firm shall be filed with the Bankruptcy Court and distributed to the Purchaser and all the Creditors Entitled to Notice and such firm shall be entitled to compensation from the Trust Assets as its normal rates for such service plus expenses.

## **ARTICLE V**

### **THE TRUSTEE**

**5.01 Resignation.** The Trustee may resign his or its trust by an instrument in writing signed by the Trustee and filed with the Bankruptcy Court with notice to the Purchaser and all Creditors Entitled to Notice, provided that the Trustee shall continue to serve as Trustee after his or its resignation until the appointment of a successor Trustee shall become effective in accordance with Section 5.03 herein or the Bankruptcy Court shall otherwise order.

**5.02 Removal.** The Bankruptcy Court may at any time, upon application by any holder of an Allowed Secured Claim or Allowed Claim, remove the Trustee, with or without cause, in the discretion of the Bankruptcy Court, after notice to the Purchaser and the Creditors Entitled to Notice, and hearing, provided that the Trustee shall continue to serve as Trustee after his or its removal until the appointment of a successor Trustee shall become effective in accordance with Section 5.03 herein or the Bankruptcy Court shall otherwise order.

**5.03 Appointment of Trustee.** The Proponent of the Plan shall select a Trustee who acknowledges his or its willingness to serve prior to the Confirmation Date. The Disputed Claims Committee may select a Successor Trustee upon approval of the Court. In the event of the death, resignation, incompetency or removal of the Trustee, the Proponent shall have the authority to appoint a Successor Trustee. Notice of such appointment shall be given to the Creditors Entitled to Notice. In the event of the death, resignation, incompetency or removal of a Successor Trustee selected by the Disputed Claims Committee, such Committee shall designate a Successor Trustee. Such appointment may specify the date on which such appointment shall be effected. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Bankruptcy Court and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective, and such successor Trustee, without any further act, deed or

conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee. If the Disputed Claims Committee are unable to agree on a Successor Trustee, the Court shall appoint a Successor.

**5.04 Trust Continuance.** The death, resignation, incompetency, or removal of the Trustee shall not operate to terminate the Trust created by this Agreement or to revoke any existing agency created pursuant to the terms of this Agreement or invalidate any action therefore taken by the Trustee. In the event of the resignation or removal of the Trustee, such Trustee shall promptly execute and deliver such documents, instruments and other writings as may be reasonably requested by the successor Trustee to effect the termination of the Trustee's capacity under this Agreement and the conveyance of the Trust Assets then held by the Trustee to his or its successor, deliver to the successor Trustee all documents, instruments, recorded and other writings related to the trust as may be in the possession of the Trustee; and otherwise assist and cooperate in effecting the assumption of his or its obligations and functions by such successor Trustee.

**5.05 Standard of Care; Exculpation.** The Trustee shall not be personally liable to the Trust or to the holder of any Claim or Interest except for such of his or its own acts as shall constitute bad faith, willful misfeasance, gross negligence or willful disregard of his or its duties. Except as aforesaid, the Trustee shall be entitled to be exonerated and indemnified from time to time from the Trust Assets against any and all loss, expense, and liability arising out of or in connection with the Trust Assets or the affairs of the Trust which he or it may suffer because he or it is or becomes the Trustee. The Trustee shall not be obligated to give any bond or surety or other security for the performance of any of his or its duties, unless otherwise ordered by the Bankruptcy Court if so otherwise ordered, all costs and expenses of procuring any such bond shall be paid from the Trust Assets.

**5.06 Reliance by Trustee.** The Trustee may rely, and shall be fully protected in acting upon, any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order or other instrument or document which he or it has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties or, in the case of cables, telecopies and telexes, to have been sent by the proper party or parties. In the absence of his or its bad faith, willful misfeasance, gross negligence or willful disregard of his or its duties, the Trustee may conclusively rely as to the truth of statements and correctness of opinions expressed therein. The Trustee may consult with counsel and any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or suffered by him or it in accordance therewith. The Trustee shall have the right at any time to seek instructions concerning the acquisition, management or disposition of the Trust Assets from the Bankruptcy Court.

## ARTICLE VI

### RETENTION OF JURISDICTION

The Bankruptcy Court shall have exclusive jurisdiction over the Trust, the Trustee and the Trust Assets as provided for in the Plan, including the determination of all controversies and disputes arising under or in connection with the Trust.

## ARTICLE VII

### MISCELLANEOUS

**7.01 Notices.** All notices, requests or other communications required or permitted to be made in accordance with this Agreement shall be in writing and shall be delivered personally or by telex or other telegraphic means or mailed by first class mail:

a) If to the Trustee, at:

[ ]

b) If to the Disputed Claims Committee or Committees, at their respective addresses on file with the Bankruptcy Court.

c) If to the Proponent, at:

Japonica Partners, L.P.  
505 Park Avenue  
New York, New York 10022

with a copy to:

Fried, Frank, Harris, Shriver & Jacobson  
One New York Plaza  
New York, New York 10004  
Attn: H. P. Minkel, Jr., Esq.

Any entity may change the address at which it is to receive notices under this Agreement by furnishing written notice pursuant to the provisions of this Section 7.01 to the entity to be changed with knowledge of such change.

**7.02 Effectiveness.** This Agreement shall become effective upon the Effective Date of the Plan.

**7.03 Counterparts.** This Agreement may be executed in one or more counterparts, all of which shall be taken together to constitute one and the same instrument.

**7.04 Governing Law.** This Agreement shall be governed by, construed under and interpreted in accordance with, the laws of the State of Delaware.

**7.05 Headings.** Sections, subheadings and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

**7.06 Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable any such provision in any other jurisdiction.

**7.07 Amendments.** This Agreement may be amended from time to time with the approval of the Bankruptcy Court after notice to the Purchaser, the Creditors Entitled to Notice and a hearing thereon.

**IN WITNESS WHEREOF,** the parties hereto have executed this Agreement or caused this Agreement to be duly executed by their respective officers thereunder duly authorized as of the day and year first above written.

By: \_\_\_\_\_

\_\_\_\_\_  
*Trustee*

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This Exhibit was Obtained from the Debtors'  
Disclosure Statement and Joint Stock Plan  
of Reorganization dated December 29, 1989, as amended.

EXHIBIT B

SCHEDULE OF MEMBERS OF CLASS 5.SB.7

Percentage Interest of Dollar Amount to be Distributed to Holders of Class 5.SB.7 Claims

<u>Claim Holder</u>	<u>Percentage Interest</u>	
	<u>%</u>	<u>\$</u>
First Wisconsin National Bank .....	1.21%	\$ 287
Third National Bank in Nashville .....	1.46%	347
GEICO .....	2.58%	613
The Prudential Insurance Company of America .....	94.75%	22,503
	<u>100.00%</u>	<u>\$23,750</u>

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## EXHIBIT C

### RELEASE

1. In this Release:

(a) "AI" refers to, includes, and this Release is given on behalf of, Allegheny International, Inc., a Pennsylvania corporation and a debtor in possession in bankruptcy proceedings under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Western District of Pennsylvania, and its successors, predecessors, assigns, shareholders, subsidiaries and affiliates, all present and former directors, officers, employees, agents, attorneys, accountants and investment bankers and any and all of them, in the case of a partnership, its present and former partners, and, in the case of individuals, their respective heirs, receivers, conservators, beneficiaries, executors, administrators, successors and assigns, and any and all of them. Nothing in this definition shall be deemed to include, in their individual capacities, any of the following (the "Insurance Companies"):

Aetna Life Insurance Company,  
The Equitable Life Assurance Society of the  
United States,  
Teachers Insurance and Annuity Association of  
America,  
The Travelers Insurance Company,  
New York Life Insurance Company,  
Equitable Casualty Company,

Connecticut Mutual Life Insurance  
Company,  
Aetna Life Insurance Company of Illinois,  
State Mutual Life Insurance Company of  
America,  
The Franklin Life Insurance Company, and  
The Lincoln National Life Insurance  
Company.

(b) "Plan" means the Joint Plan of Reorganization for Allegheny International, Inc., Sunbeam Corporation, Sunbeam Holdings, Inc., Almet/Lawnlite, Inc., Chemetron Corporation, Integrated Specialties, Inc., Allegheny International (USA), Inc., AL-Industrial Products, Inc., Allegheny International Exercise Co., Woodshaft, Inc., Chemetron Investments, Inc., Infoswitch, Inc. and Eliskim, Inc. filed by Japonica Partners, dated April 15, 1989, as amended.

(c) "Releasing Party" means AI.

2. For good and valuable consideration, including the benefits of the Plan, receipt of which is hereby acknowledged, the Releasing Party hereby remises, quit claims, releases, and forever discharges, both individually and collectively, Mellon Bank, N.A., Canadian Imperial Bank of Commerce, Continental Illinois National Bank & Trust Company of Chicago, Morgan Guaranty Trust Company of New York, Bank of America National Trust and Savings Association, Harris Trust and Savings Bank (with Bank of Montreal as a Participant), The First National Bank of Boston, The Bank of New York, Commerzbank Aktiengesellschaft, Manufacturers Hanover Trust Company, NCNB National Bank of North Carolina, The Chase Manhattan Bank, N.A., The Citizens & Southern National Bank, The Northern Trust Company, Barclays Bank PLC, Pittsburgh National Bank, Standard Chartered Bank, Bayerische Vereinsbank AG, The Bank of Tokyo Trust Company, First American National Bank of Nashville, Israel Discount Bank of New York, MBank Dallas, N.A., National Australia Bank Limited, National Westminster Bank PLC, Bank of Hawaii, and M&I Marshall & Ilsley Bank and each of their past and present officers, employees, agents, legal representatives, successors and assigns, and any or all of them (the "Banks"), of and from any and all actions, causes of action, debts, demands, dues, sums of money, bonds, bills, specialties, suits, proceedings, agreements, covenants, contracts, controversies, promises, variances, trespasses, judgments, damages (including, without limitation, punitive damages), accounts, reckonings, extents, executions, claims and liabilities, whatsoever of every name and nature (whether now known or unknown), whether or not well founded in fact or in law, and whether in law or equity or otherwise, which the Releasing Party ever had or now has (including

any and all claims which the Releasing Party has or could have brought during the pendency of its chapter 11 reorganization proceeding in the United States Bankruptcy Court for the Western District of Pennsylvania), or which the Releasing Party's legal representatives, successors and assigns, jointly or severally hereafter can, shall or may have for, upon or by reason of any matter, cause or thing whatsoever (whether now known or unknown), by reason of, involving, relating to, stated in, arising under, or arising in connection with: (i) a complaint filed as an adversary proceeding in the chapter 11 reorganization proceedings of AI and certain of its subsidiaries now pending in the United States Bankruptcy Court for the Western District of Pennsylvania, *The Official Committee of Unsecured Creditors of Allegheny International, Inc. v. Mellon Bank, N.A., et al. (In Re Allegheny International, Inc.)*, Bankruptcy Case No. 88-448, Adversary No. 88-186 (Bankr. W.D. Pa. filed April 29, 1988) (hereinafter, the "Adversary Proceeding"), (ii) the transfer of property by AI or any of its subsidiaries to any Bank which could be avoided under Sections 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code (which deal with fraudulent conveyances, preferences and similar transfers) or comparable state and local law except for an action brought by AI against The Chase Manhattan Bank regarding termination of a forward foreign exchange agreement dated March 11, 1982 regarding Swiss Francs, (iii) any act or omission by any Bank respecting any payments received by such Bank from AI or any of its subsidiaries or any relationship with AI or any of its subsidiaries which could result in the subordination of such Bank's claim against AI or any of its subsidiaries under Section 510(c) of the Bankruptcy Code or any other applicable law, if any, (iv) any act and all challenges as to the validity, enforceability, priority and extent of the security interests and/or liens in or upon the collateral pledged to Mellon Bank, N.A., as agent for the Banks (the "Agent"), under the Pledge Agreement between AI and the Agent, dated as of April 29, 1986, as reaffirmed and confirmed in an Amended and Restated Pledge Agreement, dated as of April 29, 1987 and July 30, 1987, respectively, between AI and the Agent, (v) any and all claims for damages allegedly suffered by AI or any of its subsidiaries in connection with the negotiation, execution and performance of (A) a Secured Revolving Credit Agreement, as amended, dated as of April 29, 1986, by and among AI, Allegheny International Acceptance Corporation ("AIAC"), Allegheny International Realty Development Corporation ("AIRDCO") and the Banks, (B) a Secured Revolving Credit Agreement, as amended, dated as of April 29, 1986, by and among AI and the Banks, (C) a Secured Revolving Credit Agreement, as amended, dated as of April 29, 1987, by and among AI, AIAC, AIRDCO and the Banks, and (D) a Secured Revolving Credit Agreement, as amended, dated as of July 30, 1987, by and among AI and the Banks, and (vi) any and all other claims based upon actions or omissions of any or all of the Banks with respect to AI. PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release any of the causes of action asserted by AI against the Chase Manhattan Bank at Adversary No. 89-162.

3. No later than the Effective Date, all necessary steps shall have been taken and all pleadings (the "Withdrawal Papers") required in order to have the Adversary Proceeding dismissed with prejudice and without costs have been filed with the United States Bankruptcy Court for the Western District of Pennsylvania. In addition, all pleadings (the "Dismissal Papers") required in order to have the praecipe filed by the Official Committee of Unsecured Creditors at Docket No. GD88-7622 in the Court of Common Pleas of Allegheny County, Pennsylvania dismissed with prejudice and without costs have been filed as of the Effective Date. Copies of the Withdrawal Papers and the Dismissal Papers shall have been served on each of the Banks concurrently with the filing of the Withdrawal Papers and the Dismissal Papers with the United States Bankruptcy Court for the Western District of Pennsylvania.

4. This Release shall be governed in all respects, including validity, interpretation and effect, by and construed and enforced under the laws of the Commonwealth of Pennsylvania except for its rules relating to conflict of laws. Any action regarding the validity, interpretation, enforceability or effectiveness of this Release or any provision hereof shall be brought in the United States Bankruptcy Court for the Western District of Pennsylvania except for any matters arising in connection with the proceeding commenced by the Insurance Companies at GD88-7459 in the Court of Common Pleas of Allegheny County, Pennsylvania.



5. If any provision of this Release shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

6. Nothing herein shall be construed to be a waiver, release, or extinguishment of any claim, right, defense, action or proceeding with respect to any entity other than AI except as expressly provided herein.

Signed and sealed as of this        day of        , 1990.

ATTEST:

ALLEGHENY INTERNATIONAL, INC.

\_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

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**EXHIBIT D**

**Assets and Liabilities to be included in NMGM**

Dollars in Thousands

<u>Assets:</u>	<u>Estimated Present Value</u>
1. Credit Company(1) .....	\$12,500
2. Officer Loans(2) .....	13,700
3. Kilgore Escrow .....	750
4. Wallingford Insurance Co. Surplus Cash .....	1,500
5. FICORCA-Mexico Loans .....	1,375
6. Thermco Escrow .....	<u>1,250</u>
TOTAL .....	\$31,075
<u>Liabilities:</u>	<u>Estimated Present Value</u>
1. Reinstated Environmental Claims .....	\$14,000
2. Product Liability Claims(3) .....	4,000
3. Future Umbrella Insurance Premiums .....	3,300
4. Reinstated Liberty Mutual Insurance Claims .....	<u>800</u>
TOTAL .....	\$22,100
DIFFERENCE (NCAs-NOEs) .....	<u><u>\$ 8,975</u></u>

- 
- (1) AI Credit Company is a Chapter 11 Debtor who has not yet submitted a plan of reorganization.
  - (2) Proponent expects to recover a larger percentage of officer loans than is included in projections by the Debtors, in part because Proponent does not intend to offer current and former officers and directors the discount program currently offered by the Debtors.
  - (3) Unincurred product liability.

**EXHIBIT E**

<u>Bank (or Assignee)</u>	<u>Claim Amount</u>
Bank of America .....	\$ 11,680,823
Bank of Hawaii .....	2,336,133
Bank of New York .....	8,760,658
Bank of Tokyo Trust Co. ....	2,920,245
Barclays Bank PLC .....	5,460,763
Bayerische Vereinsbank AG .....	2,920,245
Canadian Imperial Bank of Commerce .....	13,140,947
The Chase Manhattan Bank, N.A. ....	5,840,412
Citizens & Southern National Bank .....	5,840,412
Commerzbank Aktiengesellschaft .....	8,760,658
Continental Illinois National Bank .....	13,140,947
First American National Bank of Nashville .....	2,920,245
First National Bank of Boston .....	10,220,702
Grant Street National Bank/Mellon .....	29,202,139
Harris Trust and Savings Bank .....	11,680,823
Israel Discount Bank of New York .....	2,920,245
M&I Marshall and Ilsley Bank .....	2,190,145
Manufacturers Hanover Trust .....	8,760,658
MBank Dallas, N.A. ....	2,920,245
Morgan Guaranty Trust .....	13,140,947
National Australia Bank Ltd. ....	2,920,245
National Westminster Bank PLC .....	2,920,245
NCNB National Bank of North Carolina .....	8,760,658
Northern Trust Company .....	5,840,412
Pittsburgh National Bank .....	4,380,289
Standard Chartered Bank .....	4,380,289
	<hr/>
	\$193,960,530

This Exhibit was Obtained from the Debtors'  
Disclosure Statement and Joint Stock Plan  
of Reorganization dated December 29, 1989, as amended.

EXHIBIT 2  
CREDITORS' AND SHAREHOLDERS' COMMITTEES  
AND AGENTS OF THE DEBTORS

1. Official Committee of Unsecured Creditors of Allegheny International

Counsel: Robert G. Sable  
Sable, Makoroff & Liebenson  
710 Fifth Avenue  
Suite 300  
Pittsburgh, PA 15219

Accountants: Jack Weisbaum  
BDO Seidman  
One Columbus Circle  
New York, NY 10023

Investment Bankers: Wilbur Ross  
Rothschild, Inc.  
One Rockefeller Center  
New York, NY 10020

Members: The Equitable Life Assurance  
Society of the United States  
1285 Avenue of the Americas  
New York, NY 10019  
c/o Gerald A. Shapiro  
212-554-2654

Teachers Insurance & Annuity  
Association of America  
730 Third Avenue  
New York, NY 10017  
c/o Estelle Simsolo  
212-916-5725

Aetna Life Insurance Company  
City Place  
Hartford, CT 06156  
c/o John L. Bridge  
203-275-3633

American General Corporation  
2929 Allen Parkway  
Post Office Box 3247  
Houston, TX 77253  
c/o Erwin G. Bauer  
713-831-1209

Sepaco 700 & Company  
c/o Aetna Life Insurance Company  
City Place  
Hartford, CT 06156  
c/o James J. Healy  
203-275-2731

James Osborne  
833 Elm Street, Suite 207  
Winnetka, IL 60093  
312-501-3869

Fidata Trust Company  
950 Third Avenue, 26th Floor  
New York, NY 10022  
c/o Leopold Rassnick  
212-421-1121

Swiss Volksbank  
c/o Richard P. Schifter, Esquire  
Arnold & Porter  
1200 New Hampshire Avenue, N.W.  
Washington, DC 20036  
202-872-6270

**2. Official Committee of Unsecured Creditors of Sunbeam Corporation, Chemetron Corporation, Sunbeam Holdings, Inc. and Almet/Lawnlite, Inc.**

Counsel: Douglas A. Campbell  
Campbell & Levine  
31st Floor, Grant Building  
Pittsburgh, PA 15219

Accountants: James E. Illson  
Deloitte & Touche  
Detroit, MI

Members: The Prudential Life Insurance Company  
of America  
Three Gateway Center  
Newark, NJ 07102  
c/o Robert J. Koehler  
201-877-7165

Pace Industries  
P.O. Box 309  
One McIlroy Plaza, Suite 401  
Fayetteville, AR 72701  
c/o Robert Gaddy  
501-443-1455

First Wisconsin National Bank  
of Milwaukee  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
c/o John F. Goodnow  
414-765-5788

Third National Bank of Nashville  
c/o Douglas A. Campbell, Esquire  
Campbell & Levine  
3100 Grant Building  
Pittsburgh, PA 15219-2399  
412-261-0310

PS Acquisition Corporation  
c/o Gage Johnson, Esquire  
Paul, Hastings, Janofsky & Walker  
Twelfth Floor  
1050 Connecticut Avenue N.W.  
Washington, D.C. 20036  
202-457-9472

West Point Pepperell  
P.O. Box 71  
West Point, GA 31833  
c/o Craig Berlin  
404-645-4248

Phifer Wire Products  
4400 Kauloosa  
Tuscaloosa, AL 35403-1700  
c/o James C. Plunkett  
327 Sunset Drive  
Bethel Park, PA 15102  
412-835-7885

Citibank, N.A.  
120 Wall Street  
New York, NY 10043  
c/o Eugene J. Jaworski  
212-412-6260

### **3. Official Committee of Equity Security Holders**

Counsel: Gary Blum  
Olwine, Connelly, Chase, O'Donnell  
& Weyher  
299 Park Avenue  
New York, NY 10171

Investment Banker: Martin Whitman  
Whitman, Hefferman, Rhein & Company  
57th Floor  
767 Third Avenue  
New York, NY 10017

Members: Andrew Boas  
Bomar Holdings, Inc.  
77 Water Street  
New York, NY 10005

Zev Melamid  
14 South Bedford Road  
Chappaqua, NY 10514

David Nolan  
Spear, Leeds & Kellogg  
20th Floor  
115 Broadway  
New York, NY 10006

Kenneth Dale McLaughlin  
512 Alabama Street  
Bristol, TN 37620

#### **4. Agents of the Debtors**

Counsel: Buchanan Ingersoll Professional  
Corporation  
M. Bruce McCullough  
58th Floor, USX Tower  
600 Grant Street  
Pittsburgh, PA 15219

Accountants: Zolfo, Cooper & Co.  
Frank J. Zolfo  
342 Madison Avenue  
New York, NY 10173

Peat Marwick Main & Co.  
One Mellon Bank Center  
Pittsburgh, PA 15219

Investment Banker: Smith Barney, Harris Upham & Co.  
Incorporated  
1345 Avenue of the Americas  
New York, NY 10105



This Exhibit was Obtained from the Debtors'  
Disclosure Statement and Joint Stock Plan  
of Reorganization dated December 29, 1989, as amended.

**EXHIBIT 3**  
**LIST OF COMPANIES IN CHAPTER 11**

	<u>Case Number*</u>
<b>AF</b> of Dallas, Inc. ....	88-1218
<b>AF</b> Realty of Houston, Inc. ....	88-1219
<b>A</b> -Industrial Products, Inc. ....	88-1220
<b>Alegreny</b> International Credit Corporation ....	88-1222
<b>Alegreny</b> International Exercise Co. ....	88-1223
<b>Alegreny</b> International (USA), Inc. ....	88-1224
<b>Alegreny</b> Sherry Lane Management, Inc. ....	88-1225
<b>Cemetron</b> Investments, Inc. ....	88-1226
<b>Exim</b> , Inc. ....	88-1227
<b>Interscan</b> , Inc. ....	88-1228
<b>Integrated</b> Specialties, Inc. ....	88-1229
<b>Woodshaft</b> , Inc. ....	88-1231
<b>Alegreny</b> International, Inc. ....	88-448
<b>Sunbeam</b> Corporation ....	88-449
<b>Sunbeam</b> Holdings, Inc. ....	88-450
<b>Amet</b> Lawnlite, Inc. ....	88-451
<b>Cemetron</b> Corporation ....	88-452

\* All jointly administered at 88-448

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**This Exhibit was Obtained from the Debtors'  
Disclosure Statement and Joint Stock Plan  
of Reorganization dated December 29, 1989, as amended.**

**EXHIBIT 4**

**DESCRIPTION OF DEBTOR'S SUBSIDIARIES**

The following text sets forth by Debtor a brief summary of the business activities of such Debtor, the assets and liabilities of the Debtor and the aggregate claims filed against each Debtor including the Debtor's estimate of the amount of such claims that will be allowed.

**1. Integrated Specialties, Inc. (formerly Burton Plating Co.)**

Integrated Specialties, Inc. is an inactive wholly-owned subsidiary of Magnetics and Electronics, Inc., which is wholly owned by AL-Industrial Products, Inc., which is a wholly-owned subsidiary of Allegheny International, Inc. Integrated Specialties, Inc. was formerly engaged in precision stamping operations. A portion of its assets were sold on February 12, 1985 to Reliance Steel and Aluminum Company and the remaining assets were sold on November 14, 1986, to Burton Plating, Inc.

The books of Integrated Specialties, Inc. as at June 4, 1989 reflect total assets of \$5,596,000, which consists in its entirety of a note receivable from Allegheny International, Inc., and total liabilities of \$106,000, which is a payable owed to Allegheny International. Aggregate claims filed against Integrated Specialties, Inc. are \$2,000, of which the Debtors estimate that \$2,000 will be allowed.

**2. Allegheny International (USA), Inc. (previously Wilkinson Match (USA), Inc.)**

Allegheny International (USA), Inc. is an inactive, wholly-owned subsidiary of Allegheny International, Inc. AI (USA) is a holding company for a number of corporations including Eliskim and Scripto Industries (Shannon), Limited and Scroll Pens, Ltd. The non-operating expenses (product liability expenses) relate primarily to the sale of Jacobsen Manufacturing (manufacturer of lawn mowers). Jacobsen sold its assets May 28, 1978 and subsequently changed its name to Crakim, Inc. Crakim was subsequently dissolved and liquidated into AI (USA) which guaranteed the product liability obligations for equipment sold prior to the sale of the Company in 1978.

The books of AI (USA) as at June 4, 1989 reflect total assets of \$74,541,000, consisting of a net receivable from Allegheny International of \$69,572,000 and an investment in Eliskim (which is another Debtor reorganizing under Chapter 11) of \$5,031,000, and total liabilities of \$2,203,000, which is a payable owed to Allegheny International. Aggregate claims filed against AI (USA) are \$33,803,000, of which AI (USA) estimates that \$13,000 will be allowed.

**3. AL-Industrial Products, Inc.**

AL-Industrial Products, Inc. is an inactive wholly-owned subsidiary of Allegheny International, Inc. AL-Industrial is a holding company for Magnetics and Electronics, Inc., which in turn owns Allegheny Overseas Capital, N.V., Allegheny International Overseas Finance, N.V., and Integrated Specialties, Inc. AL-Industrial sold the stock of Standard-Thomson Corporation, together with its subsidiary, Joseph Pollak Corporation, on June 19, 1986.

The books of AL-Industrial as at June 4, 1989 reflect total assets of \$352,123,000, consisting of an investment in Magnetics and Electronics, Inc. of \$311,208,000, an investment in Wallingford Insurance Company of \$1,661,000, and a receivable from Allegheny International of \$39,254,000, and total liabilities of \$710,000, including a payable of \$683,000 owed to Allegheny International. Aggregate claims filed against AL-Industrial are unliquidated and AL-Industrial estimates that \$5,000 will be allowed.

**4. Allegheny International Exercise Co. (formerly Vitamaster Industries, Inc.)**

AI Exercise, an inactive wholly-owned subsidiary of Allegheny International, Inc., formerly designed, manufactured and sold exercise equipment. AI Exercise sold its assets to AJAY Enterprises Corporation on January 30, 1987. The books of AI Exercise as at June 4, 1989 reflect total assets of \$13,856,000, consisting of receivables from Allegheny International, Inc. of \$13,108,000 and \$748,000 for a warehouse in Lincoln County, North Carolina. The warehouse in Lincoln County was recently taken by Morgan Guaranty as part of a settlement of an Allegheny International, Inc. industrial revenue bond claim. The books of AI Exercise also reflect total liabilities of \$7,463,000, including an intercompany loan owed to AI Overseas Finance, principal and interest on which total \$5,593,000 and a payable of \$1,502,000 owed to Allegheny International, Inc. Aggregate claims filed against AI Exercise are \$545,000, of which AI Exercise estimates that \$37,000 will be allowed.

**5. Infoswitch, Inc.**

Infoswitch is an inactive wholly-owned subsidiary of Allegheny International, Inc. Infoswitch is the survivor of 30 to 40 companies which were merged into one company. Among these merged entities is Chemetron Process Equipment, Inc., which sold its assets on December 9, 1982 and has significant product liability exposure. The books of Infoswitch, Inc. as at June 4, 1989 reflect total assets of \$1,318,000, consisting of a receivable from Allegheny International, Inc. of \$630,000, net accounts receivable of \$94,000, and receivables from the sale of Chemetron Process Equipment (Chemetron Corporation has a compensating mortgage liability) of \$594,000. As of said date, the books also reflect total liabilities of \$475,000, including a payable of \$153,000 owed to Allegheny International, Inc. Infoswitch, Inc.'s major asset is a receivable from AMCA International Corporation which relates to the sale of the assets of Chemetron Process Equipment (CPE). There is a mortgage liability on Chemetron's books for an offsetting amount. Prior to the filing, AMCA was paying the receivable and in turn Chemetron was paying the offsetting mortgage liability. Subsequent to the filing, AMCA has been making the payment directly to the mortgage holder. Aggregate claims filed against Infoswitch, Inc. are \$54,000, of which Infoswitch, Inc. estimates that \$53,000 will be allowed.

**6. Chemetron Investments, Inc. (formerly Chemetron Corporation)**

Chemetron Investments is an inactive company which is owned 52% by Chemetron Corporation and 48% by Eliskim, Inc. Chemetron Investments owns 100% of the stock of Allegheny International Canada, Ltd., whose operating division, Welland Vale, is currently being marketed for sale. Allegheny International believes that proceeds from the sale of Welland Vale are likely to exceed \$6,000,000.

The books of Chemetron Investments, Inc., as at June 4, 1989 reflect total assets of \$14,573,000 consisting of a receivable from its parent Chemetron Corporation of \$13,854,000 and an investment in AI Canada of \$719,000, and no liabilities. Aggregate claims filed against Chemetron Investments, Inc. are \$3,877,000 of which Chemetron Investments, Inc. estimates that \$416,000 will be allowed.

**7. Woodshaft, Inc. (previously True Temper Sports, Inc.)**

Woodshaft is an inactive 100% subsidiary of Eliskim, Inc. Woodshaft, Inc., formerly known as True Temper Sports, Inc., formerly manufactured golf club shafts. True Temper Sports, Inc. sold its assets to USM CORP, on December 19, 1985, then changed its name to Woodshaft, Inc. Woodshaft retained from the sale a sludge pond which is subject to an environmental clean-up program.

The books of Woodshaft, Inc. as at June 4, 1989 reflect total assets of \$8,330,000 consisting of a receivable from Allegheny International, Inc. of \$8,321,000 and a sludge pond valued at \$9,000. As of said date the books of Woodshaft, Inc. also reflect total liabilities of \$3,157,000 including an inter-company payable to Allegheny International, Inc. of \$683,000. Aggregate claims filed against Woodshaft, Inc. are \$331,000 of which Woodshaft, Inc. estimates that \$331,000 will be allowed.

**8. Eliskim, Inc. (formerly True Temper Corporation)**

Eliskim, Inc. is an inactive wholly-owned subsidiary of Allegheny International (USA), Inc. Eliskim was formerly known as True Temper Corporation which designed, manufactured and sold lawn and garden tools. True Temper Corporation sold its assets to USM CORP on December 19, 1985 and then changed its name to Eliskim, Inc. Eliskim owns several subsidiaries including Chemetron Investments (48%) and Woodshaft, Inc. (100%). The books of Eliskim, Inc. as at June 4, 1989 reflect total assets of \$17,660,000 consisting of a receivable from Allegheny International of \$4,728,000, a standby trust fund to fund EPA liability of \$34,000, fixed assets (Saybrook Plant) of \$7,023,000, an investment in Woodshaft, Inc. of \$5,173,000, an investment in Chemetron Investments, Inc. of \$7,022,000 and certain other assets totalling approximately \$1,000. As of said date the books of Eliskim, Inc. also reflect total liabilities of \$22,691,000 including an inter-company loan payable to Allegheny Overseas Capital of \$8,236,000 and an intercompany payable to Allegheny International, Inc. of \$3,303,000. Aggregate claims filed against Eliskim, Inc. are \$1,488,000 of which Eliskim, Inc. estimates that \$181,000 will be allowed.

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This Exhibit was Obtained from the Debtors'  
Disclosure Statement and Joint Stock Plan  
of Reorganization dated December 29, 1989, as amended.

EXHIBIT 5  
LIQUIDATED DISPUTED CLAIMS OTHER THAN  
SUNBEAM, HOLDINGS AND ALMET/LAWNLITE CLAIMS (1)

<u>Class</u>	<u>(a)</u> Filed Claim Amount of Disputed Claims	<u>(b)</u> Estimated Amount to be Allowed for Disputed Claims	<u>(c)</u> Disputed Amount	<u>(d)</u> Total Amount of All Estimated and Allowed Claims in this Case
2.AI.2 .....	\$199,678,113	\$186,194,451	\$ 13,483,662	\$186,194,000
4.AI.2 .....	1,013,238	1,004,658	8,580	71,550,000
7.AI.1 .....	121,222,412	111,479,047	9,743,365	111,479,000
5.AI.1 .....	130,302,408	33,440,282	96,862,126	48,211,000
5.AP.1 .....	0	0	0	5,000
5.CH.1 .....	11,952,942	3,400,000	8,552,942	36,253,000
5.CH.2 .....	0	0	0	20,000
2.CI.1 .....	0	0	0	133,000
5.CI.1 .....	500,335	0	500,335	283,000
5.EL.1 .....	2,775,876	0	2,775,876	181,000
5.EX.1 .....	0	0	0	37,000
5.IN.1 .....	0	0	0	53,000
5.IS.1 .....	0	0	0	2,000
5.US.1 .....	0	0	0	13,000
5.WS.1 .....	0	0	0	331,000
	<u>\$467,445,324</u>	<u>\$335,518,438</u>	<u>\$131,926,886</u>	<u>\$454,745,000</u>

THE TOTALS IN COLUMNS (a), (b) and (c) ABOVE  
INCLUDE ONLY THE RESULTS FROM LIQUIDATED DISPUTED CLAIMS

UNLIQUIDATED CLAIMS WHEN LIQUIDATED  
MAY HAVE A SIGNIFICANT IMPACT ON THESE TOTALS

THE FOLLOWING IS A LISTING OF LIQUIDATED DISPUTED CLAIMS  
AS OF JANUARY 22, 1990

**LISTING OF LIQUIDATED DISPUTED CLAIMS**

Claim Number	Creditor Name	Nature of Claim	Plan Class	Filed Claim Amount of Disputed Claims	Total (1)
4373	Bank of America N.T. & S.A.	Secured Revolver	2.Ai.2	\$ 12,023,323	
4372	Bank of Hawaii	Secured Revolver	2.Ai.2	2,402,665	
4203	Bank of New York	Secured Revolver	2.Ai.2	9,009,993	
4216	Bank of Tokyo Trust Co.	Secured Revolver	2.Ai.2	3,004,331	
4209	Barclays Bank PLC	Secured Revolver	2.Ai.2	5,616,229	
4215	Bayerische Vereinsbank AG	Secured Revolver	2.Ai.2	3,006,730	
4201	Canadian Imperial Bank of Comm	Secured Revolver	2.Ai.2	13,599,447	
4214	Chase Manhattan Bank, N.A.	Secured Revolver	2.Ai.2	6,006,940	
4206	Citizens & Southern Natl. Bank	Secured Revolver	2.Ai.2	6,006,662	
4196	Commerzbank Aktiengesellschaft	Secured Revolver	2.Ai.2	9,009,993	
4208	Continental Illinois National	Secured Revolver	2.Ai.2	13,514,989	
4204	First American Natl. Bank of NA	Secured Revolver	2.Ai.2	3,003,331	
4202	First National Bank of Boston	Secured Revolver	2.Ai.2	10,524,684	
4194	Grant Street National Bank/MEL	Secured Revolver	2.Ai.2	30,083,309	
4210	Harris Trust and Savings Bank	Secured Revolver	2.Ai.2	12,015,033	
4212	Israel Discount Bk of NY	Secured Revolver	2.Ai.2	3,003,331	
4217	M&I Marshall and Ilsley Bank	Secured Revolver	2.Ai.2	2,252,498	
4195	Manufacturers Hanover Trust	Secured Revolver	2.Ai.2	9,014,997	
4199	MBank Dallas, N.A.	Secured Revolver	2.Ai.2	3,003,331	
4207	Morgan Guaranty Trust Co.	Secured Revolver	2.Ai.2	13,537,850	
4211	National Australia Bank Ltd.	Secured Revolver	2.Ai.2	3,003,331	
4197	National Westminster Bank PLC	Secured Revolver	2.Ai.2	3,003,331	
4198	NCNB Natl. Bank of NC	Secured Revolver	2.Ai.2	9,009,992	
4205	Northern Trust Company	Secured Revolver	2.Ai.2	6,006,662	
4213	Pittsburgh National Bank	Secured Revolver	2.Ai.2	4,504,996	
4200	Standard Chartered Bank	Secured Revolver	2.Ai.2	4,510,135	<u>\$199,678,113</u>
3839	Chase Manhattan Bank N.A.	Borrowed Money/Debt	4.Ai.2	\$ 1,013,238	<u>\$ 1,013,238</u>
4508	Fidata Trust Company, NY	Borrowed Money	7.Ai.1	\$121,222,412	<u>\$121,222,412</u>
6042	Al Tech Specialty Steel Cor.	Indemnification	5.Ai.1	\$ 16,415,380	
4359	Albani, Thomas J.	Personnel	5.Ai.1	1,376,706	
3563	Anderson, Alan H. (Estate)	Personnel	5.Ai.1	1,072,917	
3564	Anderson, Alan H. (Estate)	Personnel	5.Ai.1	2,000,000	
3852	Andrews, E.F.	Personnel	5.Ai.1	1,177,618	
5878	Arnold Engineering Company	Indemnification	5.Ai.1	1,153,594	
3851	Babb, F.F.	Personnel	5.Ai.1	1,868,177	
4519	Baluk, Irene M.	Litigation/General	5.Ai.1	220,000	
4516	Barnard, Donald L.	Litigation/General	5.Ai.1	300,000	



LISTING OF LIQUIDATED DISPUTED CLAIMS (continued)

Claim Number	Creditor Name	Nature of Claim	Plan Class	Filed Claim Amount of Disputed Claims	Total (1)
4518	Berggren, Theora Marie	Litigation/General	5.AI.1	\$ 320,000	
4526	Berggren, Theora Marie	Litigation/General	5.AI.1	120,000	
4111	BOC Group OLC	Indemnification	5.AI.1	338,189	
3850	Branagan, James B.	Personnel	5.AI.1	481,629	
4961	Buckley, Robert J.	Personnel	5.AI.1	6,000,000	
3849	Bumb, Frank L.	Personnel	5.AI.1	1,017,032	
4512	Dalton, Arthur J.	Personnel	5.AI.1	607,667	
2852	Depew, Frank S.	Personnel	5.AI.1	480,044	
5927	Dilorenzo, Deborah L.	Accounts Payable	5.AI.1	11,800	
4496	Donlen Corporation	Accounts Payable	5.AI.1	21,933	
4361	Dougherty, James T.	Personnel	5.AI.1	909,544	
4517	Eisele, Harry Franklin	Litigation/General	5.AI.1	420,000	
4242	Farrell, George T.	Indem/Officer-Dir.	5.AI.1	20,205	
4276	Federal Insurance Company	Surety Bonds	5.AI.1	26,464,857	
5797	Finalco Incorporated	Accounts Payable	5.AI.1	200,989	
3555	Fletcher, Alan T.	Personnel	5.AI.1	774,605	
5925	Franceschelli, Cindy M.	Personnel	5.AI.1	13,300	
3681	Fries, Raymond S.	Personnel	5.AI.1	1,118,187	
403361	Genix Corporation	Guarantees	5.AI.1	48,905	
3570	Graves, H.C.	Personnel	5.AI.1	1,665,321	
4332	Guzzle, Timothy L.	Personnel	5.AI.1	1,155,417	
3848	Halverstadt, Robert D.	Personnel	5.AI.1	612,973	
4251	Hilton, Graemer K.	Personnel	5.AI.1	1,680,000	
4122	Insurance Company of N. America	Surety Bonds	5.AI.1	11,189,430	
1624	Integrated Equipment Holding	Lease Rejection	5.AI.1	2,558,207	
4523	Joseph, Clemmie Lee	Litigation/General	5.AI.1	260,000	
4525	Joseph, Clemmie Lee	Litigation/General	5.AI.1	120,000	
5770	Korangy, Amile & Parvane	Other	5.AI.1	3,500,000	
4522	Lanzisera, Helen D.	Litigation/General	5.AI.1	260,000	
4258	Laumeister, Hugh M.	Personnel	5.AI.1	6,026	
54	Laumeister, Hugh M.	Personnel	5.AI.1	44,183	
3429	Lehnerd, Alvin P.	Personnel	5.AI.1	310,000	
5835	Lincoln Liberty Avenue, Ltd.	Ex Cntrs. Real Prop.	5.AI.1	9,454,481	
4524	Lockett, William Lee	Litigation/General	5.AI.1	100,000	
4515	Longacre, Edward L.	Litigation/General	5.AI.1	560,000	
2896	Maupin, Charles C.	Personnel	5.AI.1	134,328	
4360	McGoldrick, David T.	Personnel	5.AI.1	934,088	
2991	Mullen, Lawrence E.	Personnel	5.AI.1	432,678	
4520	Murphy, Betty June	Litigation	5.AI.1	100,000	
4513	Nauheimer, Robert Richard	Litigation/General	5.AI.1	180,000	
3923	Naylor, Thurman F.	Personnel	5.AI.1	303,750	
3827	Novak, Richard E.	Personnel	5.AI.1	2,200	
3826	Novak, Richard E.	Personnel	5.AI.1	3,000	
4490	Novak, Richard E.	Personnel	5.AI.1	17,572	
3847	Oehmler, George C.	Personnel	5.AI.1	676,103	
3819	Paulus, John D.	Personnel	5.AI.1	143,388	

**LISTING OF LIQUIDATED DISPUTED CLAIMS (continued)**

<u>Claim Number</u>	<u>Creditor Name</u>	<u>Nature of Claim</u>	<u>Plan Class</u>	<u>Filed Claim Amount of Disputed Claims</u>	<u>Total (1)</u>
3820	Paulus, John D.	Personnel	5.AI.1	\$ 720,000	
2406	Pietrocini, Thomas W.	Personnel	5.AI.1	560,000	
4245	Reed Smith Shaw & McClay	Indem/Officer-Dir.	5.AI.1	21,022	
3141	Rose, Neil M.	Personnel	5.AI.1	192,000	
2741	Santa, Rick E.	Personnel	5.AI.1	25,134	
4343	Safeco Insurance Company	Surety Bonds	5.AI.1	3,348,000	
3846	Scott, F.G.	Personnel	5.AI.1	2,947,121	
3748	Shanagher, Anthony D.	Personnel	5.AI.1	398,860	
3333	Spalla, Frank L.	Personnel	5.AI.1	166,800	
4521	Stern, Ralph Charles	Litigation/General	5.AI.1	260,000	
3859	Sumitomo Metals & Tube Turns	Indemnification	5.AI.1	11,669,986	
5021	Sweeney, Clayton	Personnel	5.AI.1	155,715	
3840	Sweeney, Clayton	Personnel	5.AI.1	3,418,194	
4514	Theoharis, George C.	Litigation/General	5.AI.1	440,000	
4358	Travers, Oliver S., Jr.	Personnel	5.AI.1	1,573,294	
1523	Ware, Robert H.	Personnel	5.AI.1	200,000	
3843	Webber, William	Personnel	5.AI.1	1,101,667	
4529	Wilson, James Alan	Litigation/General	5.AI.1	300,000	
4699	Wolf Popper Ross Wolf & Jones	Litigation/General	5.AI.1	423,466	
3844	Worth, Franz L.	Personnel	5.AI.1	941,637	
	Other Claims		5.AI.1	<u>83,089</u>	<u>\$130,302,408</u>
3227	Associated Indemnity Corp.	Litigation/General	5.CH.1	\$ 44,513	
4271	Figgie International, Inc.	Litigation/General	5.CH.1	11,770,998	
2097	Lamberth, Bonapfel, Cifelli	Guarantees	5.CH.1	19,581	
3312	Springfield, James	Indemnification Agmt.	5.CH.1	<u>117,850</u>	<u>\$ 11,952,942</u>
5690	National Welding Defense Group	Other	5.CI.1	222,980	
5691	National Welding Defense Group	Other	5.CI.1	<u>277,355</u>	<u>\$ 500,535</u>
4960	Montgomery Ward & Co.	Litigation/General	5.EL.1	\$ 15,000	
5761	Ohio Bureau of Worker's Comp.	Workers Compensation	5.EL.1	1,069,879	
6005	Safeco Insurance Company	Surety Bonds	5.EL.1	1,688,038	
6068	R.W. Sidley	Litigation/General	5.EL.1	<u>2,959</u>	<u>\$ 2,775,876</u>
					<u>\$467,445,324</u>

(1) The amounts shown represent the total liquidated disputed claims. Unliquidated Claims are not included in this listing; when liquidated, they may have a significant impact on these totals.

**SUNBEAM, HOLDINGS AND  
ALMET/LAWNLITE LIQUIDATED DISPUTED CLAIMS (1)**

<u>Class</u>	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
	Filed Claim Amount of Disputed Claims	Estimated Amount to be Allowed for Disputed Claims	Disputed Amount	Total Amount of All Estimated and Allowed Claims in this Case
PAO(*) .....	\$ 113,260	\$ 97,889	\$ 15,371	\$ 15,018,000
PAO) .....	0	0	0	14,600,000
EAL1 .....	47,870	0	47,870	13,082,000
EAL2 .....	0	0	0	444,000
ESB1 .....	314,607	172,594	142,013	63,839,000
ESB2 .....	0	0	0	29,271,000
ESB7 .....	0	0	0	115,502,000
ESB8 .....	10,579,164	10,448,560	130,604	10,450,000
ESB1 .....	4,122,364	3,500,000	622,364	5,318,000
	<u>\$15,177,265</u>	<u>\$14,219,043</u>	<u>\$958,222</u>	<u>\$267,524,000</u>

\* Certain Priority and Administrative Claims

\*\* Priority Taxes

THE TOTALS IN COLUMNS ( a), (b) and (c) ABOVE  
INCLUDE ONLY THE RESULTS FROM LIQUIDATED DISPUTED CLAIMS

THE FOLLOWING IS A LISTING OF LIQUIDATED DISPUTED CLAIMS AS OF JANUARY 22, 1990

**LISTING OF LIQUIDATED DISPUTED CLAIMS**

<u>Claim Number</u>	<u>Creditor Name</u>	<u>Nature of Claim</u>	<u>Plan Class</u>	<u>Filed Claim Amount of Disputed Claims</u>	<u>Total (1)</u>
	Various Claims		*	\$ 113,260	\$ 113,260
5202	Emery/Purolator	Accounts Payable	5.AL.1	\$ 19,433	
5798	Finalco Incorporated	Accounts Payable	5.AL.1	3,437	
6076	Southeast Air Quality	Accounts Payable	5.AL.1	25,000	\$ 47,870
5985	Bankers Leasing Assoc.	Purchase Contract	5.SB.1	\$ 3,641	
5986	Bankers Leasing Assoc.	Purchase Contract	5.SB.1	14,270	
3327	Curtiss-Wright/Marquette, Inc.	Property Lease	5.SB.1	33,384	
5916	Express Transportation Co.	Freight	5.SB.1	17,860	
3386	Fritz Eichenauer GMBH	Accounts Payable	5.SB.1	31,710	
3548	Worthington Cylinders	Accounts Payable	5.SB.1	134,557	
	Other Claims		5.SB.1	79,185	\$ 314,607
	Various Bank Letters of Credit	Bank Debt	5.SB.8	\$10,579,164	\$10,579,164
5893	PS Acquisition Corporation	Purchase Contracts	5.SH.1	\$ 4,122,364	\$ 4,122,364
		Total Liquidated Disputed Claims			\$15,177,265

(1) The amounts shown represent the total liquidated disputed claims. Unliquidated Claims are not included in this listing, when liquidated they may have a significant impact on these totals.

\* Certain Priority and Administrative Claims.

**This Exhibit was Obtained from the Debtors'  
Disclosure Statement and Joint Stock Plan  
of Reorganization dated December 29, 1989, as amended.**

**EXHIBIT 6  
DESCRIPTION OF NON-OPERATING EXPENSES**

**I Summary/Overview**

The following summarizes the "non-operating expense" ("NOE") of AI and its affiliates which are generally unrelated to the ongoing operations of AI, but which cannot or will not be liquidated and discharged in bankruptcy. These obligations consist of:

- Retiree health and life benefits;
- Tax-qualified pension funding;
- Environmental clean-up costs;
- Future-arising general liability claims;
- Reinstated Liberty Mutual insurance policy; and
- Future umbrella insurance premiums.

The forecasted future costs of the NOEs are based on a variety of assumptions regarding the future including that AI reorganizes substantially as described in the Plan. (Given the assumption of AI's reorganization, the forecasts described herein are significantly different from those utilized in the Liquidation Analysis.) Some of these assumptions invariably will not be correct, and actual future costs could vary materially from these forecasts.

*A. Retiree Health and Life Benefits*

AI and member companies are obligated to provide retiree health coverage and life insurance to approximately 4,000 retirees and their dependents. Approximately 100 separate programs are involved. The largest numbers of retirees and liabilities relate to True Temper, Bar Division and Sunbeam (Roosevelt Road) and are the result of collective bargaining. These costs are expected to continue for an extended period of time.

The following is AI's forecast of the ongoing cost of such obligations:

<u>Fiscal Year</u>	<u>Cash Cost (\$ Millions)</u>
1990 .....	\$ 3.6
1991 .....	\$ 3.7
1992 .....	\$ 3.5
1993 .....	\$ 3.7
Total 1990-2017 .....	\$108.6

These forecasts assume among other matters (i) all benefits are maintained in full, (ii) Medicare benefits do not change, and (iii) medical inflation is 10% per annum. The most significant assumption which could vary materially is the rate of medical inflation which at present substantially exceeds 10% per annum. This forecast also involves only retirees at December 31, 1987, and assumes that male participants are three years older than female spouses.

*B. Tax-Qualified Pension Funding*

AI is obligated to provide benefits, under approximately 20 pension plans, to 4,000 retirees in pay status and 4,000 deferred vested retirees. Annual benefit payments are \$17 million. Assets are \$121

million and present value liabilities are estimated at \$140 million. The largest number of retirees and liabilities relate to True Temper (divested), Bar Division (divested) and Sunbeam (Roosevelt Road) retirees and are the result of collective bargaining.

The following is AI's forecast of the ongoing cost of such obligations:

<u>Fiscal Year</u>	<u>Cash Cost (\$ Millions)</u>
1990 .....	\$ 6.3
1991 .....	\$ 5.3
1992 .....	\$ 4.9
1993 .....	\$ 3.0
Total 1990-2017 .....	\$ 21.0

The forecasts assume that certain qualified plans are merged as of December 31, 1989. If interest rates declined sharply, investment yield would fall and the costs would materially increase.

### C. *Environmental Clean-Up Costs*

AI formerly owned or operated a wide range of businesses, some of which generated hazardous wastes. In particular, the following operations contributed to AI's clean-up obligations:

- Chemetron Corporation—chemical contamination and low level radiation;
- True Temper—manufacturer of steel tools and sports equipment generated hazardous wastes in plating and paint operations;
- Primary Steel operations—Allegheny Ludlum Steel, Special Metals, and the Allegheny Ludlum Bar Division generated hazardous wastes associated with steelmaking.

All of these operations have been sold by AI, beginning with the Bar Division in 1976. AI's consumer products businesses are not notable with respect to environmental contamination. AI has, however, retained liability under contract and/or statute for certain key properties. The principal sites for which AI retains ongoing nondischargeable liability are:

- Bally Engineered Structures (Bally, PA)—ground water contamination; capital costs for ground water clean-up and monitoring, maintenance, testing and potentially additional clean-up costs remain.
- Chemetron/McGean plant (Cleveland, OH)—depleted uranium; one of two sites is substantially completed; remaining site to be cleaned up in 1990.
- Chemetron/Porte Hope (Porte Hope, ONT)—clean-up of lagoon is anticipated to cost \$0.8 million over two years.
- True Temper/Anderson (Anderson, SC)—clean-up capital costs of \$0.75 million have been spent; additional capital costs of \$0.9 million will be expended in 1990; additional operating costs thereafter.
- Superfund sites—These are 18 "Superfund" sites in which AI Subsidiaries or Affiliates have been named as potentially responsible parties (eight of which sites are the potential responsibility of Chemetron).

Costs have been budgeted by AI's environmental personnel in connection with environmental contractors on a site-by-site basis. Operating costs are assumed to grow at 3% per year, over 30 years. Superfund costs are based upon proration of recognized site clean-up costs on the basis of volume contributed at the site.

As an offset to environmental cash flows, AI has projected recoveries of \$270,000 in 1992. These arise from contribution claims against co-participants at clean-up sites which AI is handling.

The following is AI's forecast of the ongoing cost of such obligations:

<u>Fiscal Year</u>	<u>Cash Cost (\$ Millions)</u>
1990 .....	\$ 5.9
1991 .....	\$ 1.6
1992 .....	\$ 0.7
1993 .....	\$ 0.8
Total 1990-2017 .....	\$ 26.9

Chemetron sites represent approximately \$5.4 million of the foregoing \$26.9 million. If additional divested operation sites should become "Superfund" sites in the future, regulatory authorities could look back to AI and/or its Subsidiaries and affiliates as well as to subsequent and prior owner/operators.

#### D. *General Liability Claims*

General liability non-operating expense refers to product liability losses which arise in the future. These liabilities are not known with precision at present, because the incidents which give rise to the liability have not yet occurred.

During the 1970's and 1980's, AI-operated businesses involved in primary metals, industrial specialties, consumer products and other industries. Many of these businesses involved the sale of products which would give rise to subsequent product liability claims. During the 1980's, AI divested many of these companies. General liability NOE is comprised of the following business categories:

- Active companies (*i.e.*, Sunbeam consumer product businesses).
- Divested companies/stock sale.
- Divested companies/asset sale.

Active company general liability is not included in the NOE analysis. Insurance for these future obligations is currently being purchased and pre-funded on a year-by-year basis.

General liability from stock sale divestitures is also excluded from this analysis. Claims which arise in the future are the liability of the divested company, not AI.

The remaining future general liability relates to asset sale divestitures. These divestitures resulted in surviving corporate shells with substantial intercompany receivables from AI. To the extent that these affiliates produced and shipped goods before the asset sale, and those goods give rise to product liability losses incurred after February 20, 1988, such estimated future losses are considered NOE obligations.

The company maintains access at all times to loss data assembled and recorded by its insurance carriers. The forecast of future cost extrapolates from current and historical experience reflected by this data. The forecast assumes that the Debtors are responsible for up to \$500,000 per incurrence, and that the insurer bears any additional cost.

The following is AI's forecast of the ongoing cost of such obligations:

<u>Fiscal Year</u>	<u>Cash Cost (\$ Millions)</u>
1990 .....	\$ 0.1
1991 .....	\$ 0.3
1992 .....	\$ 0.4
1993 .....	\$ 0.6
Total 1990-2017 .....	\$ 5.8

Chemetron obligations represent approximately \$1.9 million of the foregoing \$5.8 million.

*E. Reinstated Liberty Mutual Insurance Policy*

Liberty Mutual Insurance Company ("LMI") was the Debtors' primary insurance carrier for policy years beginning July 1, 1978 and ending June 30, 1988 (ten policy years in all). These policies insured the Debtors, subject to certain deductibles or reimbursement obligations with respect to general liability, workers compensation and automobile liability.

The Debtors have borne liability for the first \$500,000 of losses per incident under these policies. In the ordinary administration of the policies, LMI settles claims and pays out losses, and then obtains reimbursement from the debtors for losses less than \$500,000. This reimbursement obligation, both liquidated and contingent, is the basis for LMI's very substantial bankruptcy claim against the Debtors.

In negotiation of the claim, the parties have agreed to settle all policy years up through June 30, 1987. (Negotiations continue as to the amount of the related claim.) The July 1, 1987—June 30, 1988 policy, on the other hand, is to be reinstated and paid in the ordinary course subsequent to the Debtors' reorganization.

The following is AI's forecast of the ongoing cost of such obligations:

<u>Fiscal Year</u>	<u>Cash Cost (\$ Millions)</u>
1990-1993 .....	\$0.0
Total 1990-2017 .....	\$2.9

*F. Future Umbrella Insurance Premiums*

In addition to the primary insurance maintained with Liberty Mutual prior to the bankruptcy, and with AIG subsequently, AI maintains "umbrella" insurance coverage in the event that primary coverages should ever be exhausted. These policies provide up to \$100 million in single premium insurance for both active and divested company losses. The annual premium cost of this insurance is roughly \$1.9 million.

Future umbrella premiums have been prorated in 1990 between active companies and divested or to be divested operations based upon relative historical loss experience. In subsequent years, the NOE portion of this premium is assumed to gradually decline due to the shift in liability mix away from divested, inactive companies which introduce no new products into the stream of commerce.



The following is AI's forecast of the future costs of such obligations.

<u>Fiscal Year</u>	<u>Cash Cost (\$ Millions)</u>
1990 .....	\$0.7
1991 .....	\$0.5
1992 .....	\$0.5
1993 .....	\$0.4
Total 1990-2017 .....	\$4.5

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**This Exhibit was Obtained from the Debtors'  
Disclosure Statement and Joint Stock Plan  
of Reorganization dated December 29, 1989, as amended.**

**EXHIBIT 7  
LIQUIDATION ANALYSIS**

A Liquidation Analysis has been prepared to indicate values which may be obtained by impaired Classes of Claims and Impaired Classes of Interests if the assets of the Company were sold pursuant to a Chapter 7 liquidation, as an alternative to continued operation of the businesses and structured payments under the Plan.

The Liquidation Analysis represents management's best estimate of liquidation values upon conversion to a Chapter 7 case, but such estimate is predicated upon numerous uncertain variables. For example, there is no assurance that the liquidation could be effected in the time period assumed or that the values assigned to the assets would in fact be realized. Further, administrative expenses and costs of liquidation may exceed the estimates posited by the Liquidation Analysis. All such contingencies, and others not mentioned, may alter the amount of proceeds available for distribution. In addition, the dollar amount of Claims that ultimately will be allowed in a Chapter 7 liquidation case may be greater than the amount estimated. The following Liquidation Analysis should be read in conjunction with the accompanying footnotes.

	Value	
	From	To
	(\$ in Thousands)	
Liquidation Value of Assets of Sunbeam		
A. Proceeds from Sale of Operating Businesses		
Before Applicable Discount (1) .....	\$510,000	\$550,000
Less: Applicable Discount (2) .....	102,000	55,000
Less: Taxes on Gain (3) .....	0	0
	408,000	495,000
Sunbeam Cash on Hand (4) .....	92,100	92,100
Sunbeam Other Assets (5) .....	7,500	7,500
Value of Assigned IRB Future Payments Attributable to Sunbeam (6) .	5,692	5,692
	513,292	600,292
B. Costs and Fees of Sunbeam Liquidation		
Selling Transaction Fees (7) .....	6,120	7,425
Chapter 7 Expenses (8) .....	20,000	20,000
	26,120	27,425
C. Liquidation Proceeds Available to Sunbeam Creditors (9) .....	\$487,172	\$572,867
I. Recoveries By Sunbeam Creditors		
A. Liquidation Proceeds Available .....	\$487,172	\$572,867
B. Sunbeam Liabilities (include Sunbeam, Holdings, and Almet/Lawnlite)		
Administrative Expense (10) .....	\$ 20,200	\$ 20,200
Sunbeam Nonoperating Expense (11) .....	118,920	118,920
Allowed Pre-petition claims .....	248,242	248,242
Post-petition Charges .....	31,113	31,113
Total Sunbeam Liabilities .....	\$418,475	\$418,475
C. % Recovery to Sunbeam Creditors .....	100%	100%
D. Remaining Sunbeam Liquidation Proceeds Available for Distribution to All Secured Creditors .....	\$ 68,697	\$154,392

	Value	
	From	To
	(\$ In Thousands)	
III. Recoveries of AI Secured Creditors (12, 16)		
A. Liquidation Proceeds Available		
(i) Remaining Sunbeam Liquidation Proceeds Available .....	\$ 68,697	\$154,392
(ii) Other Collateral Available .....	58,359	59,552
Total Available .....	<u>\$127,056</u>	<u>\$213,944</u>
B. AI Secured Creditors (Class 2.Ai.2)		
Principal and Pre-petition Interest .....	\$186,194	\$186,194
Post-petition Interest .....	54,400	54,400
	<u>\$240,594</u>	<u>\$240,594</u>
C. Recovery		
Dollars .....	\$127,056	\$213,944
% of Principal and Pre-petition Interest .....	68.2%	114.9%
D. Remaining Value Available to AI Unsecured Creditors .....	<u>\$ 0</u>	<u>\$ 0</u>
E. Remaining Secured Claim:		
Unsecured Portion .....	<u>\$ 59,138</u>	<u>\$ 0</u>
IV. Liquidation Value of Assets Available to AI Unsecured Creditors		
Remaining Sunbeam Value Available .....	\$ 0	\$ 0
AI Cash On Hand (4) .....	37,700	37,700
AI Other Assets (13) .....	29,200	29,200
Value of Assigned IRB Future Payments (6) .....	705	705
Value of AI Credit Corp. Assets .....	11,461	11,461
	<u>79,066</u>	<u>79,066</u>
Less: Post-petition Liabilities (14) .....	10,000	10,000
Severance Expense (15) .....	5,000	5,000
Administrative Expense (10) .....	10,000	10,000
	<u>25,000</u>	<u>25,000</u>
Net Liquidation Assets Available for Distribution to AI Unsecured Creditors .....	<u>\$ 54,066</u>	<u>\$ 54,066</u>
V. Recoveries by AI Unsecured Creditors		
A. Liquidation Proceeds Available to AI Unsecured Creditors .....	<u>\$ 54,066</u>	<u>\$ 54,066</u>
B. Recoveries by AI Unsecured Creditors by Class (16)		

	From			To		
	Claim Amount	Dollar Recovery	Percent Recovery	Claim Amount	Dollar Recovery	Percent Recovery
Unsecured Portion of AI Secured Principal Claims .....	\$ 59,138	\$6,980	11.8%	\$ 0	\$ 0	N/A
Senior Unsecured Claims (Class 4.Ai.2) .....	71,550	8,445	11.8%	71,550	12,615	17.6%
Subordinated Claims (Class 7.Ai.1) ..	111,500	0	0.0%	111,500	0	0.0%
General Unsecured Claims (Class 5.Ai.1) .....	48,200	3,070	6.4%	48,200	3,322	6.9%
AI Nonoperating Expense (11) .....	72,402	4,611	6.4%	72,402	4,990	6.9%

	From			To		
	Claim Amount	Dollar Recovery	Percent Recovery	Claim Amount	Dollar Recovery	Percent Recovery
<b>Intercompany Claims (16):</b>						
AI-Industrial .....	38,569	2,151	5.6%	38,569	2,290	5.9%
AI Exercise .....	11,606	739	6.4%	11,606	800	6.9%
Chemetron .....	177,148	11,282	6.4%	177,148	12,208	6.9%
Other Debtors .....	88,800	580	.7%	88,800	580	.7%
Other Affiliates .....	290,664	16,208	5.6%	290,664	17,261	5.9%
	<u>\$969,577</u>	<u>\$54,066</u>		<u>\$910,439</u>	<u>\$54,066</u>	

**Recoveries by AI Preferred and Common Shareholders**

A. Proceeds Available Shareholders .....

\$ 0

B. Shareholder Recovery .....

\$ 0

**Recoveries by Claimants of Other Debtors (16, 17)**

<u>Debtor</u>	<u>Percent Recovery</u>
Chemetron .....	27% - 29%
Integrated Specialties .....	100%
AI USA .....	100%
AI Exercise .....	38% - 41%
Infoswitch .....	67% - 73%
Chemetron Investments .....	100%
Woodshaft .....	100%
Eliskim .....	100%
AL-Industrial .....	100%

**Footnotes:**

1. Sale of divisions includes all assets of Sunbeam except those identified under "Sunbeam Cash and Sunbeam Other Assets." The value of Sunbeam's businesses includes the net working capital associated with the businesses, except for (i) cash which is included under "Sunbeam Cash on Hand" and "Sunbeam Other Assets" and (ii) Pre-petition liabilities. Net working capital of the operating businesses consists principally of receivables, inventories and payables associated with the operating of the businesses.

The range of \$510.0 million to \$550.0 million proceeds assumes sale of Oster/Sunbeam Appliance North American operations, Oster/Sunbeam Appliance Foreign operations, Northern Electric, Sunbeam Leisure, Almet/Lawnlite, Hanson Scale and Springfield Instruments. This range of potential proceeds assumes these companies meet estimated projections throughout the Debtors' Business Plan period.

2. Three principal adverse circumstances would affect the sale of Sunbeam's operating businesses in Chapter 7:

Nature and timing of the sales process—Under Section 704 of the Code, an appointed trustee must, among other duties, collect and convert the property of the estate to cash and close the estate as expeditiously as is compatible with the best interests of the parties in interest. The Debtors have received various expressions of interest since filing for protection under Chapter 11 of the Code to purchase Sunbeam's operating businesses, as a whole, individually, and in various combinations thereof. The Sunbeam operating businesses share brand names and, to a limited extent, facilities. The sale of individual businesses would necessarily involve negotiations regarding the future use of these brand names and facilities. It has been assumed that there would be pressure to complete the sales process within six months. The need to convert property to cash and to conclude brand name and facility use negotiations so rapidly

	Value	
	From	To
	(\$ In Thousands)	
III. Recoveries of AI Secured Creditors (12, 16)		
A. Liquidation Proceeds Available		
(i) Remaining Sunbeam Liquidation Proceeds Available .....	\$ 68,697	\$154,392
(ii) Other Collateral Available .....	58,359	59,552
Total Available .....	<u>\$127,056</u>	<u>\$213,944</u>
B. AI Secured Creditors (Class 2.AI.2)		
Principal and Pre-petition Interest .....	\$186,194	\$186,194
Post-petition Interest .....	54,400	54,400
	<u>\$240,594</u>	<u>\$240,594</u>
C. Recovery		
Dollars .....	\$127,056	\$213,944
% of Principal and Pre-petition Interest .....	68.2%	114.9%
D. Remaining Value Available to AI Unsecured Creditors .....	<u>\$ 0</u>	<u>\$ 0</u>
E. Remaining Secured Claim:		
Unsecured Portion .....	<u>\$ 59,138</u>	<u>\$ 0</u>
IV. Liquidation Value of Assets Available to AI Unsecured Creditors		
Remaining Sunbeam Value Available .....	\$ 0	\$ 0
AI Cash On Hand (4) .....	37,700	37,700
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Value of Assigned IRB Future Payments (6) .....	705	705
Value of AI Credit Corp. Assets .....	11,461	11,461
	<u>79,066</u>	<u>79,066</u>
Less: Post-petition Liabilities (14) .....	10,000	10,000
Severance Expense (15) .....	5,000	5,000
Administrative Expense (10) .....	10,000	10,000
	<u>25,000</u>	<u>25,000</u>
Net Liquidation Assets Available for Distribution to AI Unsecured Creditors .....	<u>\$ 54,066</u>	<u>\$ 54,066</u>
V. Recoveries by AI Unsecured Creditors		
A. Liquidation Proceeds Available to AI Unsecured Creditors .....	<u>\$ 54,066</u>	<u>\$ 54,066</u>
B. Recoveries by AI Unsecured Creditors by Class (16)		

	From			To		
	Claim Amount	Dollar Recovery	Percent Recovery	Claim Amount	Dollar Recovery	Percent Recovery
Unsecured Portion of AI Secured Principal Claims .....	\$ 59,138	\$6,980	11.8%	\$ 0	\$ 0	N/A
Senior Unsecured Claims (Class 4.AI.2) .....	71,550	8,445	11.8%	71,550	12,615	17.6%
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AI Nonoperating Expense (11) .....	72,402	4,611	6.4%	72,402	4,990	6.9%

	From			To		
	Claim Amount	Dollar Recovery	Percent Recovery	Claim Amount	Dollar Recovery	Percent Recovery
<b>1. Intercompany Claims (16):</b>						
AI-Industrial .....	38,569	2,151	5.6%	38,569	2,290	5.9%
AI Exercise .....	11,606	739	6.4%	11,606	800	6.9%
Chemetron .....	177,148	11,282	6.4%	177,148	12,208	6.9%
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	<u>\$969,577</u>	<u>\$54,066</u>		<u>\$910,439</u>	<u>\$54,066</u>	

**2. Recoveries by AI Preferred and Common Shareholders**

A. Proceeds Available Shareholders ..... \$ 0

B. Shareholder Recovery ..... \$ 0

**3. Recoveries by Claimants of Other Debtors (16, 17)**

Debtor	Percent Recovery
Chemetron .....	27% - 29%
Integrated Specialties .....	100%
AI USA .....	100%
AI Exercise .....	38% - 41%
Infoswitch .....	67% - 73%
Chemetron Investments .....	100%
Woodshaft .....	100%
Eliskim .....	100%
AL-Industrial .....	100%

**Footnotes:**

1. Sale of divisions includes all assets of Sunbeam except those identified under "Sunbeam Cash and Sunbeam Other Assets." The value of Sunbeam's businesses includes the net working capital associated with the businesses, except for (i) cash which is included under "Sunbeam Cash on hand" and "Sunbeam Other Assets" and (ii) Pre-petition liabilities. Net working capital of the operating businesses consists principally of receivables, inventories and payables associated with the operating of the businesses.

The range of \$510.0 million to \$550.0 million proceeds assumes sale of Oster/Sunbeam Appliance North American operations, Oster/Sunbeam Appliance Foreign operations, Northern Electric, Sunbeam Leisure, Almet/Lawnlite, Hanson Scale and Springfield Instruments. This range of potential proceeds assumes these companies meet estimated projections throughout the Debtors' Business Plan period.

**2. Three principal adverse circumstances would affect the sale of Sunbeam's operating businesses in Chapter 7:**

Nature and timing of the sales process—Under Section 704 of the Code, an appointed trustee must, among other duties, collect and convert the property of the estate to cash and close the estate as expeditiously as is compatible with the best interests of the parties in interest. The Debtors have received various expressions of interest since filing for protection under Chapter 11 of the Code to purchase Sunbeam's operating businesses, as a whole, individually, and in various combinations thereof. The Sunbeam operating businesses share brand names and, to a limited extent, facilities. The sale of individual businesses would necessarily involve negotiations regarding the future use of these brand names and facilities. It has been assumed that there would be pressure to complete the sales process within six months. The need to convert property to cash and to conclude brand name and facility use negotiations so rapidly

may have an adverse impact on the proceeds realized from the sale of the Sunbeam operating businesses.

Impact on the Debtors' operations of the conversion to a Chapter 7 liquidation—It is probable that the conversion to a Chapter 7 proceeding and the sudden pendency of these sales would have adverse effects on employee morale, customer willingness to order goods and vendor willingness to ship supplies and extend trade credit.

Other potential liabilities—The Debtors have various potential liabilities under environmental laws which they believe can be addressed in the ordinary course of business after consummation. By contrast, in a Chapter 7 liquidation, much uncertainty would surround responsibility for these exposures. The Debtors have made no studies of Chapter 7 environmental exposures. In addition, at the time of the sale of the businesses, there would be a high degree of uncertainty about the potential exposure of the purchasers to future transferee liability for future product liability claims which may not be addressed in a Chapter 7 proceeding.

Each of these factors individually or in combination would undoubtedly have an adverse effect on the cash prices that could be obtained on sale of the businesses.

The precise discount factor to attribute to the uncertainties described cannot be computed on the basis of any known empirical data. The Debtors' best judgment, which has necessarily been arrived at upon the basis of the foregoing, in the face of complex uncertainties and in the absence of comparable situations, is that the total liquidation proceeds of these businesses would reflect a discount of at least 10% from the values which would exist in the absence of the adverse conditions described above. Accordingly, for purposes of computing the estimated proceeds a range of discounts from 10% to 20% was applied. The discounts that would result if the sales were actually made in Chapter 7 would vary from business to business, and, in the aggregate could result in a discount percentage which could be larger or smaller than the 10% to 20% range used in this Liquidation Analysis.

3. It is estimated that there will not be any tax liabilities. Such estimates were calculated by analysis of the gain on disposition of businesses and the application of the available tax benefits.
4. Cash on hand is the estimated cash as of March 31, 1990. This estimate is derived from the Debtors' estimate of cash as reflected in the March 31, 1990 pro forma financial statements, less \$14.5 million operating cash retained by the divested operating companies, plus \$12.7 million of asset sale proceeds expected to be realized during the period October 1, 1989 to March 31, 1990, less non-operating expenses in the amount of \$4.9 million paid during the same period.
5. Sunbeam Other Assets are assumed to be sold on or after the date of confirmation and are net of certain costs of disposition. They consist of the following:

	<b>Estimated Quick Sale Proceeds (000's)</b>
Real Estate—Milwaukee Plant .....	\$2.5
Other Assets—Bally Escrow (i) .....	4.0
Other Assets—Thermco Escrow .....	1.0
	<u>\$7.5</u>

(i) Bally escrow funds would not be available until 1997 in a liquidation scenario. As such, cash available to Sunbeam creditors on consummation would actually be \$4.0 million less than contemplated in this Liquidation Analysis.

6. Value of assigned IRB future payments represents net recovery by AI, Sunbeam or Chemetron from third party assignees of payments of principal and interest, made according to original amortization



schedules, after any prior recoveries of IRB trustees from such payments. It is assumed that such trustees have a prior claim to each payment in proportion to the amount of such trustees' recovery shortfall (if any) of their claim against the relevant Debtor. It is further assumed that the net amount recoverable by the Debtors is discounted by a net present value factor of 15% (which may be higher), due to the lack of a market for monetizing such contingent assets.

- 7. Based on estimated fees and costs of agents and advisors in disposing of operating businesses. This estimate is based on uncertain variables and could be higher than the estimate used in this Liquidation Analysis. Accordingly, selling and transaction fees are assumed to be 1.5% of the proceeds from the sale of pending businesses less applicable discount.
- 8. Based on estimated fees and costs of professionals and operating expenses to administer Chapter 7 process including trustee fees, counsel, investment bankers, accountants and committee professionals.

Principal Components are listed below:

	(\$ in thousands)
Chapter 7 Trustee Fees .....	\$ 3,000
Constituency Committee Costs and Expenses .....	10,000
Chapter 7 Distribution Expense .....	800
Claims Litigation Fees and Expenses .....	4,000
Other Operating Expenses .....	2,200
	<u>\$20,000</u>

- 9. Aggregate proceeds available to Sunbeam creditors, stated as a range.
- 10. Administrative expenses are projected to consist of unpaid professional fees aggregating \$15 million of which \$10 million has been allocated to Allegheny International and \$5 million to Sunbeam and Sunbeam Postpetition Letters of Credit of \$15.2 million.
- 11. Nonoperating expenses are being reinstated under the Chapter 11 Plan and are being paid from ongoing operations. In a liquidation, payment of nonoperating expenses would be accelerated as the risk is passed to third parties. The Pension Benefit Guaranty Corporation ("PBGC") would become involved and conservatively value all the unfunded pension liabilities. Single premium insurance or annuities, if available, would have to be purchased to cover the liabilities associated with retiree health and life insurance benefits. With medical costs escalating the actual cost of closing out the liabilities could be much higher. Environmental costs would be increased in a liquidation as all hazardous waste sites would require clean up rather than maintenance and monitoring as contemplated in some cases in ongoing operations. Debts (assigned IRBs) assigned to third parties for which the Debtors remain primarily or contingently liable would become immediately due. The estimates presented in this Liquidation Analysis are management's best judgment, based upon information supplied by the Debtors' consulting actuaries, insurance professionals and other professionals of what nonoperating expenses may amount to in a Chapter 7 liquidation case. In this Liquidation Analysis nonoperating expenses are presented as a general unsecured claim.

Nonoperating expenses in a Chapter 7 liquidation are projected to consist of the following:

Sunbeam:	(\$ in thousands)
Pension .....	\$ 48,000
Retiree Health/Life .....	20,000
Product Liability .....	10,900
Environmental .....	24,800
1988 Liberty Mutual Insurance .....	6,000
Assigned IRBs .....	9,220
	<u>\$118,920</u>

(\$ in thousands)

AI:	
Retiree Health/Life .....	\$44,300
Assigned IRBs .....	<u>28,102</u>
	<u>\$72,402</u>
Chemetron:	
Assigned IRBs .....	<u>\$ 7,350</u>

12. The Allegheny International ("AI") secured bank debt is secured by the stock of Sunbeam and the stock of AL-Industrial, Almet/Lawnlite of Delaware, AI Exercise Co. and Chemetron. The principal assets of these companies are their intercompany balances due from AI or an affiliate, except for Almet/Lawnlite of Delaware whose principal asset is its investment in Titanium Metals Corporation of America. The Debtors estimate the aggregate liquidation value of these companies other than the stock of Sunbeam to range from \$54.6 million to \$55.4 million.

Secured creditors will receive interest at their contract rate but not to exceed the value of their collateral. Post-petition interest has been calculated at contract rate to March 31, 1990.

13. Allegheny International Other Assets are assumed sold between March 31, 1990 and the date of confirmation, and are net of certain costs of disposition. They consist of the following:

	<u>Estimated Quick Sale Proceeds (in millions)</u>
Real Estate:	
Dover Hotel .....	\$16.8
Castle Ridge Project .....	0.5
Airplane Hangar .....	<u>0.5</u>
	<u>\$17.8</u>
Businesses:	
Northern-Electric—UK .....	\$ 1.5
Welland Vale (48% owned by Eliskim) .....	<u>1.2</u>
	<u>\$ 2.7</u>
Other Assets:	
Bally Divestiture Note .....	\$ 0.5
Officer Loans .....	6.2
Venture Capital Investments .....	1.0
FICORCA Loan .....	<u>1.0</u>
	<u>\$ 8.7</u>
	<u>\$29.2</u>

14. Represents corporate post-petition liabilities which are assumed to be retained when the operating companies were sold.
15. Includes only normal severance payments for those Allegheny employees who are estimated to be terminated as a result of the liquidation. Excludes any claims which could be asserted by employees who would transfer with the sale of the operating businesses.
16. AI Intercompany Claims

In the calculation of the recovery to the AI Intercompany Claimants, it has been assumed that in the case of any distribution that exceeds the amount necessary to pay third party claimants, such excess, in the case of those subsidiaries whose stock is included in the collateral of the secured

banks (see Note 12), is added to the amounts available for distribution to the secured banks. In the case of those subsidiaries whose stock is not included in the collateral, such excess is added to the amounts available for distribution to the unsecured creditors of AI.

The other Debtors' principal assets are their respective Intercompany balances due from AI. Recoveries were determined by comparing such recoveries from the AI Intercompany accounts to the amounts payable in a liquidation to third parties.

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EXHIBIT 8

Pro Forma Financial Statements

RCV AND SUBSIDIARIES

PROJECTED PRO FORMA CONSOLIDATING BALANCE SHEET  
MARCH 31, 1990  
(IN MILLIONS)

ASSETS

	<u>RCV</u>	<u>SAHL</u>	<u>NMGM</u>	<u>Eliminations</u>	<u>Consolidated</u>
Accounts Payable .....	—	\$ 15.0	—	—	\$ 15.0
Receivables .....	—	175.9	—	—	175.9
Inventory .....	—	116.9	—	—	116.9
Other Current Assets .....	—	8.6	—	—	8.6
Total Current Assets .....	—	316.4	—	—	316.4
Property, Plant and Equipment .....	—	126.2	—	—	126.2
Other Noncurrent Assets .....	—	25.4	—	—	25.4
Goodwill .....	—	102.6	—	—	102.6
Assets Held for Sale .....	—	—	\$31.1	—	31.1
Investments in Consolidated Subsidiaries .....	\$124.0	—	—	\$(124.0)	—
Total Assets .....	<u>\$124.0</u>	<u>\$570.6</u>	<u>\$31.1</u>	<u>\$(124.0)</u>	<u>\$601.7</u>

LIABILITIES AND EQUITY

Accounts Payable .....	—	\$ 56.1	—	—	\$ 56.1
Other Current Liabilities .....	—	39.6	—	—	39.6
Total Current Liabilities .....	—	95.7	—	—	95.7
Long-Term Liabilities .....	—	29.8	—	—	29.8
Non-operating Liabilities .....	—	—	\$27.1(3)	—	27.1
Long-Term Debt .....	—	325.1	—	—	325.1
Common Equity .....	\$124.0	120.0	4.0	\$(124.0)	124.0
Total Liabilities and Net Worth .....	<u>\$124.0</u>	<u>\$570.6</u>	<u>\$31.1</u>	<u>\$(124.0)</u>	<u>\$601.7</u>

See accompanying basis of presentation and significant assumptions.

**Pro Forma Financial Statements**

**PROJECTED PRO FORMA SUMMARY  
BALANCE SHEET INFORMATION  
(IN MILLIONS)**

	<b>RCV AND SUBSIDIARIES</b>		
	<u>9/30/90</u>	<u>9/30/91</u>	<u>9/30/92</u>
Total Current Assets .....	\$239.1	\$234.5	\$246.9
Total Assets .....	<u>\$505.0</u>	<u>\$474.1</u>	<u>\$470.2</u>
Total Current Liabilities .....	\$ 76.0	\$ 80.4	\$ 81.9
Long-Term Debt .....	\$245.7	\$180.9	\$127.5
Common Equity .....	\$131.9	\$157.6	\$195.0
	<b>SUNBEAM AMERICAS HOLDINGS, LIMITED</b>		
	<u>9/30/90</u>	<u>9/30/91</u>	<u>9/30/92</u>
Total Current Assets .....	\$234.9	\$224.7	\$232.4
Total Assets .....	<u>\$480.7</u>	<u>\$451.8</u>	<u>\$448.2</u>
Total Current Liabilities .....	\$ 76.0	\$ 80.4	\$ 81.9
Long-Term Debt .....	\$245.7	\$180.9	\$127.5
Common Equity .....	\$129.1	\$156.0	\$194.1

**SUNBEAM AMERICAS HOLDINGS, LIMITED**

**PROJECTED PRO FORMA OPERATING STATEMENTS  
FOR THE PERIODS ENDING  
SEPTEMBER 30, 1990, 1991 AND 1992  
(IN MILLIONS)**

	Six Months Ended September 30, 1990	September 30, 1991	September 30, 1992
Net Sales .....	\$307.9	\$662.5	\$689.9
Cost of Sales .....	235.0	506.4	522.7
Depreciation .....	8.4	17.6	18.5
Gross Profit .....	64.5	138.5	148.7
Selling, General and Administrative Expense .....	31.9	66.5	69.9
Income from Operations .....	32.6	72.0	78.8
Net Interest Expense .....	17.1	26.2	18.0
Amortization of Goodwill .....	1.1	2.3	2.3
Income from Operations before Taxes .....	14.4	43.5	58.5
Income Taxes .....	5.3	16.6	20.4
Net Income .....	<u>\$ 9.1</u>	<u>\$ 26.9</u>	<u>\$ 38.1</u>
 Cash Flow:			
Net Income .....	\$ 9.1	\$ 26.9	\$ 38.1
Depreciation & Goodwill .....	9.5	19.9	20.8
Deferred Taxes .....	3.1	9.6	10.2
Subtotal .....	21.7	56.4	69.1
Change in Working Capital .....	61.8	14.6	(6.2)
Other .....	0.0	3.0	(0.2)
Total .....	83.5	74.0	62.7
Capital Expenditures .....	(4.1)	(9.2)	(9.3)
Cash Flow Before Principal Repayment* .....	<u>\$ 79.4</u>	<u>\$ 64.8</u>	<u>\$ 53.4</u>

\* It is assumed that all excess cash flow is allocated towards the repayment of debt.

See the accompanying basis of presentation and significant assumptions.

RCV AND CONSOLIDATED SUBSIDIARIES

PROJECTED PRO FORMA OPERATING STATEMENTS  
FOR THE PERIODS ENDING  
SEPTEMBER 30, 1990, 1991 AND 1992  
(IN MILLIONS)

	Six Months Ended September 30, 1990	September 30, 1991	September 30, 1992
Net Sales .....	\$307.9	\$662.5	\$689.9
Cost of Sales .....	235.0	506.4	522.7
Depreciation .....	8.4	17.6	18.5
Gross Profit .....	64.5	138.5	148.7
Selling, General and Administrative Expenses .....	31.9	66.5	69.9
Income from Operations .....	32.6	72.0	78.8
Net Interest Expense .....	18.3	27.8	18.7
Amortization of Goodwill .....	1.1	2.3	2.3
Income from Operations before Taxes .....	13.2	41.9	57.8
Income Taxes .....	5.3	16.6	20.4
Net Income .....	<u>\$ 7.9</u>	<u>\$ 25.3</u>	<u>\$ 37.4</u>
Cash Flow:			
Net Income .....	\$ 7.9	\$ 25.3	\$ 37.4
Depreciation & Goodwill .....	9.5	19.9	20.8
Deferred Taxes .....	3.1	9.6	10.2
Subtotal .....	20.5	54.8	68.4
Change in Working Capital .....	61.8	14.6	(6.2)
Other .....	4.2	12.8	14.3
Total .....	86.5	82.2	76.5
Capital Expenditures .....	(4.1)	(9.2)	(9.3)
Cash Flow Before Principal Repayment .....	\$ 82.4	\$ 73.0	\$ 67.2

See the accompanying basis of presentation and significant assumptions.



## BASIS OF PRESENTATION AND SIGNIFICANT ASSUMPTIONS

### Basis of Presentation

The financial projections are based upon an assumed consummation date of March 31, 1990. The Pro Forma Balance Sheet is based on the Pro Forma March 31, 1990, Post-Consummation Balance Sheet of Allegheny International ("AI") prepared by the Debtor and presented in its December 29, 1989 Disclosure Statement ("Debtor's Disclosure Statement"), and in part utilized the March 31, 1990 balances in the 1990 Annual Operating Plan ("1990 AOP") and other information provided by AI. Since, to date, Japonica Partners has not been permitted to independently reconcile the Debtors' December 29, 1989 Disclosure Statement and, because events and circumstances frequently do not occur as expected, there may be differences between these statements and actual results, and these differences may be material.

The transaction is assumed to be a purchase of assets and would be implemented as follows:

- (1) Japonica Partners forms RCV and capitalizes it with \$124.0 million of equity. RCV infuses \$120.0 million of equity into newly formed Sunbeam Americas Holdings, Limited ("SAHL") and \$4.0 million into newly formed NMGM.
- (2) With \$120.0 million of equity and sufficient bank debt, SAHL will (a) purchase the assets and assume the liabilities of the following business units of AI and its United States and Canadian subsidiaries: Sunbeam Leisure, Northern Electric, Almet/Lawnlite, Professional Products, Sunbeam Canada, Springfield Instrument, Hanson Scale, Sunbeam Intercontinental, Ltd. and Solaray; and (b) purchase selected Non-Core Assets and assume certain Non-operating Liabilities of AI.
- (3) At the date of acquisition, NMGM will receive the remaining Non-Core Assets and Non-operating Liabilities of AI. These non-core assets include the Allegheny International Credit Company, certain officer loans and other escrow accounts presently held by AI. Non-operating liabilities include primarily environmental and product liability claims.
- (4) O/S J.V., a separately formed and owned joint venture, will purchase the remaining net assets of AI not acquired by RCV and is infused with an additional \$15.0 million of cash. This cash will be retained in O/S J.V. to maintain flexibility and to grow operations. O/S J.V. will consist of the net assets related to the following business units: Oster Housewares, Sunbeam Appliance, Sunbeam-Mexico, Oster-Venezuela, Sunbeam-Peru, Oster-Germany, Oster-UK, and Sunbeam-Hong Kong.
- (5) The Distribution Trustee distributes the proceeds of the sale to creditors and equity security holders pursuant to the terms of the Japonica Partners plan of reorganization (the "Plan").

These financial projections are in part based on: (a) Debtor's Disclosure Statement, (b) 1989, 1988 and 1987 AI and Sunbeam Corporation annual reports, 10-Ks and 10-Qs, (c) 1989 actual financial statements by business unit, (d) 1989 and 1990 Annual Operating Plans, (e) July 5, 1989 Confidential Memorandum prepared by Smith Barney, (f) Company prepared trend reports, and (g) other materials.

The Accounting Principles Board ("APB") Opinions No. 16, "Business Combinations," and No. 17, "Intangible Assets," provide guidance on accounting for business combinations. These financial statements have, except as hereinafter described, been prepared in accordance with generally accepted accounting principles, including the guidelines of APB No. 16 and APB No. 17.

### Significant Assumptions

These financial statements were prepared by Japonica Partners and its Management Team ("Japonica Partners") to provide information relating to the Plan and the capability of RCV, SAHL, NMGM and O/S J.V. to meet obligations in the future. Accordingly, the financial statements reflect

Japonica Partners' judgment as of March 1990 of expected conditions and its expected course of action under the Plan. In the opinion of Japonica Partners, the underlying significant assumptions set forth herein provide a reasonable basis for the financial statements assuming the Plan is adopted at or near March 31, 1990. Nonetheless, the financial statements reflect Japonica Partners' judgment and, because events and circumstances may not occur as expected, there may be differences between the financial statements and actual results.

The financial statements were prepared based upon the assumption that the Debtors will emerge from Chapter 11 at or near March 31, 1990, and will have settled its prepetition liabilities as of that date.

## **RCV, SAHL AND NMGM**

### **A. Opening Pro Forma Balance Sheet**

The March 31, 1990, Projected Pro Forma Opening Balance Sheet of the Company has been prepared based on the Post-Consummation Projected Pro Forma Balance Sheet in the Debtor's Disclosure Statement, the 1990 AOP, and other facts and circumstances.

The fair market value of property, plant and equipment is approximately \$126.2 million at March 31, 1990. In addition, \$33.0 million of additional write-up was recorded under purchase accounting for other tangible and intangible assets. The value assigned to these items will be adjusted based upon further review and appraisal. The excess purchase price over those amounts allocated to identifiable assets is classified as goodwill and will be amortized over forty years.

Certain Non-Core Assets and Non-operating Liabilities will be assumed by SAHL and NMGM. The values for these amounts are reflected in SAHL's Noncurrent Assets, and as Assets Held for Sale and Non-Core Operating Liabilities in NMGM's financial statements. Other current liabilities of SAHL represent estimated accounts for normal operating expenses such as payroll, vacation, taxes, etc. Long-term debt consists of amounts due to banks of \$290.6 million, reinstated debt, including IRB's of \$19.9 million, and tax notes of \$14.6 million. Other long-term liabilities consist of amounts indicated by AI in their disclosure statement and other amounts required to fund the estimated costs of restructuring.

The liabilities of NMGM set forth herein are based on the Debtors' estimates of liability which include "unallocated reserves" not specifically traceable to any particular liability. Proponent's estimates of liabilities as set forth in Exhibit D to the Plan do not include such amounts.

### **B. Projected Pro Forma Consolidated Operating Statement**

The Projected Pro Forma Consolidated Operating Statement is represented by the total operating activities for all acquired business units included in SAHL, and the net effects of the liquidation of NMGM in 1990, 1991 and 1992. Based on information available to date, Japonica expects excess cash flow from NMGM to amount to \$4.2 million in 1990, \$9.8 million in 1991 and \$14.5 million in 1992. These cash flows are subject to change upon final evaluation of the non-core assets and liabilities being assumed by NMGM. The net sales, cost of sales, depreciation and selling, general and administrative and other expenses for SAHL were projected based on historical information and also on operating target levels believed achievable by Japonica Partners. For purposes of this presentation, no intercompany transactions are assumed to have occurred, and the only elimination entry is to eliminate RCV's Investment in Subsidiaries against the related equity balances.

A separate SAHL Projected Pro Forma Operating Statement is also provided.

Japonica's Partners' business plan is designed to yield significantly higher operating profit than is the Debtors'. Japonica Partners intends to de-emphasize lower margin products, realize higher gross

profit through an emphasis on higher margin product lines, introduce aggressive productivity plans, and implement plans to reduce corporate overhead, including the establishment of a more modest headquarters in Pittsburgh.

Based on the capitalization structure and financial projections of SAHL, the 12 months' cash flow interest coverage ratio is calculated to be between 2.8 and 3.0 times. This ratio increases to 4.1 times in fiscal year 1991 and 7.2 times in fiscal year 1992. Cash flow is defined as earnings before interest expense and taxes plus depreciation and amortization.

Cash flow in this circumstance is defined as earnings before interest, depreciation, amortization and taxes. In addition, as an example, the coverage ratio for the twelve-month period ended March 31, 1991 is calculated as follows:

	<u>Six Months Ended September 30, 1990</u>	<u>One-Half of the Year Ended September 30, 1991</u>	<u>Total</u>
Income from operations .....	\$32.6	\$36.0	\$68.6
Depreciation .....	8.4	8.8	17.2
	<u>\$41.0</u>	<u>\$44.8</u>	<u>\$85.8</u>
Interest expense .....	<u>\$17.1</u>	<u>\$13.1</u>	<u>\$30.2</u>
Coverage .....			<u>2.84x</u>

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EXHIBIT 9

O/S J.V.

PROJECTED PRO FORMA BALANCE SHEET  
MARCH 31, 1990  
(IN MILLIONS)

ASSETS

Cash .....	\$ 15.0
Receivables .....	56.3
Inventory .....	54.1
Other Current Assets .....	1.9
Total Current Assets .....	<u>127.3</u>
Property, Plant and Equipment .....	21.2
Other Noncurrent Assets .....	22.4
Goodwill .....	(133.4)
Assets Held for Sale .....	—
Investments in Consolidated Subsidiaries .....	—
Total Assets .....	<u>\$ 37.5</u>

LIABILITIES AND EQUITY

Accounts Payable .....	\$ 9.9
Other Current Liabilities .....	12.6
Total Current Liabilities .....	<u>22.5</u>
Common Equity .....	15.0
Total Liabilities and Net Worth .....	<u>\$ 37.5</u>

See the accompanying basis of presentation and significant assumptions.

## OS/J.V.

### BASIS OF PRESENTATION AND SIGNIFICANT ASSUMPTIONS

See Notes Accompanying Statements for RCV and Subsidiaries.

#### A. Opening Pro Forma Balance Sheet

The March 31, 1990, Projected Pro Forma Opening Balance Sheet of OS/J.V. has been prepared based on the Post-Consummation Projected Pro Forma Balance Sheet in the Debtor's Disclosure Statement, the 1990 AOP and other facts and circumstances. The OS/J.V. financial statement balances represent the assets and liabilities not acquired or assumed by SAHL and were determined by making a comparison of the SAHL opening balance sheet to the March 31, 1990, Post-Consummation Pro Forma Opening Balance Sheet in the Debtor's Disclosure Statement, in addition to effecting such balances by other factors presently known by Japonica Partners. This approach was utilized because AI has not provided the information necessary to create this detail on a unit-by-unit basis.

The fair market value of the property, plant and equipment was estimated to be \$21.2 million. The purchase of the net assets of OS/J.V. results in an excess of net assets over purchase price of \$133.4 million, which for purposes of these financial statement projections has been reflected as a reduction of the assets of OS/J.V.

Capitalization of OS/J.V. has been reflected by assuming the infusion of \$15.0 million of cash into the business at the date of acquisition. This cash will be infused by Japonica Partners, who will hold a minority interest, and by equity investors not yet determined.

#### B. Projected Pro Forma Operating Statement

The Projected Pro Forma Operating Statement is represented by the total operating activities for all business units included in OS/J.V. These amounts are based on historical operating trends adjusted to operating levels believed to be achievable by Japonica Partners.