

1 COUNSEL TO DEBTORS
2 SHEPPARD, MULLIN, RICHTER &
3 HAMPTON LLP
4 A Limited Liability Partnership
5 Including Professional Corporations
6 Ori Katz (SBN: 209561)
7 Aaron J. Malo (SBN: 179985)
8 Robert K. Sahyan (SBN: 253763)
9 650 Town Center Drive, 4th Floor
10 Costa Mesa, California 92626-1993
11 Telephone: (714) 513-5100
12 Facsimile: (714) 513-5130
13 Email: okatz@sheppardmullin.com
14 amalo@sheppardmullin.com
15 rsahyan@sheppardmullin.com

COUNSEL TO OFFICIAL COMMITTEE OF
UNSECURED CREDITORS
PACHULSKI STANG ZIEHL & JONES LLP
Jeffrey N. Pomerantz (SBN: 143717)
Shirley S. Cho (SBN: 192616)
10100 Santa Monica Blvd., 11th Floor
Los Angeles, California 90067-4100
Telephone: (310) 277-6910
Facsimile: (310) 201-0760
Email: jpomerantz@pszjlaw.com
scho@pszjlaw.com

9 COUNSEL TO FOURTH THIRD LLC
10 WINSTON & STRAWN LLP
11 John D. Fredericks (SBN: 168309)
12 Justin E. Rawlins (SBN: 209915)
13 101 California Street, 39th Floor
14 San Francisco, CA 94111-5802
15 Telephone: (415) 591-1000
16 Facsimile: (415) 591-1400
17 Email: jfredericks@winston.com
18 jrawlins@winston.com

COUNSEL TO INVESTMENT FUNDING,
INC.
ENGLISH & GLOVEN
A PROFESSIONAL CORPORATION
Donald A. English, Esq. (SBN: 115569)
550 West C Street, Suite 1800
San Diego, CA 92101
Telephone: (619) 338-6610
Facsimile: (619) 338-6657
Email: dae@englishapc.com

15 UNITED STATES BANKRUPTCY COURT
16 CENTRAL DISTRICT OF CALIFORNIA
17 SANTA ANA DIVISION

18 In re:
19 MMFX CANADIAN HOLDINGS, INC., *et al.*,
20 Debtors.

Case No. 8:10-bk-10083-RK
Chapter 11
(Jointly Administered with Case Nos.:
10-bk-10085; 10-bk-27570; 10-bk-27571;
and 10-bk-27572

- Affects MMFX Canadian Holdings, Inc.
- Affects MMFX International Holdings, Inc.
- Affects Fasteel Corporation
- Affects MMFX Steel Corporation of America
- Affects MMFX Technologies Corporation
- Affects all Debtors

**FIRST AMENDED JOINT PLAN OF
REORGANIZATION OF AFFILIATED
DEBTORS UNDER CHAPTER 11 OF
THE BANKRUPTCY CODE**

Date: July 22, 2011
Time: 9:00 a.m.
Place: United States Bankruptcy Court
411 West Fourth Street
Santa Ana, CA 92701
Courtroom 5D

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I.

INTRODUCTION

This document is the First Amended Joint Plan of Reorganization for MMFX Steel Corporation of America ("Steel Corp."), MMFX Technologies Corporation ("Technologies"), Fasteel Corporation ("Fasteel") and MMFX International Holdings, Inc. ("International" and, together with Steel Corp, Technologies, and Fasteel, the "Debtors"), jointly proposed by the Debtors, the Official Committee of Unsecured Creditors (the "Committee"), Fourth Third LLC ("Fourth Third"), and Investment Funding, Inc. ("Investment Funding"). Also enclosed in the same envelope as this Plan is the Disclosure Statement that has been approved by the Bankruptcy Court, which provides you with background information necessary to vote on the Plan, including a discussion of the Debtors' history, business, properties, results of operations, and events leading up to the contemplated restructuring and a summary and analysis of the Plan and certain related matters. *All holders of Claims against, and Interests in, any of the Debtors are encouraged to read the Plan, the Disclosure Statement and the related solicitation materials in their entirety before voting to accept or reject the Plan.*

This is a reorganizing Plan. The Plan envisions the Debtors will reorganize under one of two alternative scenarios described as Scenario A and Scenario B. The Plan envisions the continuance of the Debtors' current investment banking process seeking solicitation of bids to invest in, license or acquire some or all of the Debtors' assets (the "Investment Banking Process"). Scenario A takes place if the Investment Banking Process results in a Successful Bid, under which event the Debtors will restructure and recoveries to Holders of Allowed Claims and Holders of Interests will be made in accordance with Scenario A. Scenario A provides that all Allowed Claims will be paid in full (provided, however, Fourth Third and Investment Funding shall receive discounted payoffs, reducing their asserted claims by over \$9 million, if Fourth Third and Investment Funding are paid on or before August 5, 2011).

Scenario B takes place in the event the Investment Banking Process does not lead to a Successful Bid on or before July 20, 2011, or if it does, the Court does not approve Successful Bid on or before July 22, 2011. In such event, the Debtors will restructure and recoveries to Holders

1 of Allowed Claims will be made in accordance with Scenario B. Under Scenario B, Fourth Third
2 and Investment Funding will convert their Allowed General Unsecured Claims to equity and
3 provide the Reorganized Debtors with the Exit Facility. The Exit Facility is currently estimated to
4 be sufficient to pay Holders of Allowed Unsecured Claims in full, with interest.¹ The Exit Facility
5 will provide a minimum of \$1,000,000 to be made available to fund payments to Holders of
6 Allowed General Unsecured Claims, Allowed Priority Tax Claims and Allowed Non-Tax Priority
7 Claims, which the Proponents currently estimate should be sufficient to make a minimum of a
8 sixty percent (60%) distribution to Holders of Allowed General Unsecured Claims. Further, if the
9 proceeds of the Exit Facility are not sufficient to pay the Holders of Allowed General Unsecured
10 Claims in full plus interest, the Committee, Fourth Third and Investment Funding will engage in
11 further negotiations, the outcome of which will be to provide Holders of General Unsecured
12 Claims with a recovery under the Plan equal to or greater than what would be achieved based upon
13 the funds available to pay Holders of General Unsecured Claims from the Exit Facility as
14 presently committed.

15 **II.**

16 **CLASSIFICATION OF CLAIMS AND INTERESTS**

17 **A. Unclassified Claims.** As provided in section 1123(a)(1) of the Bankruptcy Code,
18 Administrative Claims and Priority Tax Claims against the Debtors are not classified for purposes
19 of voting on, or receiving distributions under, the Plan. Holders of such Claims are not entitled to
20 vote on the Plan. All such Claims are instead treated separately in accordance with Article III and
21 in accordance with the requirements set forth in section 1129(a)(9) of the Bankruptcy Code.

22 **B. Summary of Classification.** In accordance with section 1123(a)(1) of the
23 Bankruptcy Code, all Claims of Creditors (except those Claims receiving treatment as set forth in
24

25 ¹ Depending upon the results of the Debtors' operations and ability to meet budget forecasts
26 through the Effective Date, and the accuracy of the Proponents assumptions regarding the total
27 amount of the DIP Loan, Allowed Secured Claims and Allowed Administrative Claims against the
28 Debtors' Estates, and the amount of Allowed Priority Tax Claims, Allowed Non-Tax Priority
Claims and Allowed General Unsecured Claims, the Proponents currently estimate that the
proceeds of the Exit Facility should be sufficient to pay all Allowed General Unsecured Claims in
full plus interest.

1 Article III) and holders of Interests are placed in the Classes described below and treated in
2 accordance with Article IV below for all purposes, including voting on, confirmation of, and
3 distribution under, the Plan.

Class	Summary	Voting Status
N/A	Administrative Claims	Not Entitled To Vote
N/A	Priority Tax Claims	Not Entitled To Vote
N/A	DIP Loan Claim	Not Entitled to Vote
N/A	Professional Fee Claims	Not Entitled to Vote
1	Priority Non-Tax Claims	Unimpaired – Deemed to Accept; Not Entitled to Vote
2	Secured Claims	Unimpaired – Deemed to Accept; Not Entitled to Vote
3	General Unsecured Claims	Impaired – Entitled to Vote
4	Intercompany Claims	Impaired – Not Entitled to Vote
5	Subordinated Claims	<u>Scenario A</u> – Impaired – Entitled to Vote <u>Scenario B</u> – Impaired – Deemed to Reject; Not Entitled to Vote
6	Equity Interests	<u>Scenario A (Class 6A)</u> – Impaired – Entitled to Vote; <u>Scenario A (Classes 6B-6D)</u> <u>and Scenario B</u> – Impaired – Deemed to Reject; Not Entitled to Vote

20 **III.**

21 **TREATMENT OF UNCLASSIFIED CLAIMS AGAINST ALL DEBTORS UNDER**
22 **SCENARIO A AND SCENARIO B**

23 Unclassified Claims shall be treated identically for all Debtors under Scenario A and
24 Scenario B. The treatment shall be as follows:

25 **A. Administrative Claims.**

26 1. Administrative Claim Bar Date. All requests for payment of Administrative
27 Claims (except with respect to Professional Fees, which shall instead be subject to the Professional
28 Fees Bar Date and the separate procedures and deadlines set forth therein) must be filed by the

1 Administrative Claim Bar Date or the holders thereof shall be forever barred from asserting such
2 Administrative Claims against the Debtors or from sharing in any distribution under the Plan.

3 2. Treatment.

4 a. Generally. Unless any entity entitled to payment of an Allowed
5 Administrative Claim agrees to a less favorable treatment or unless otherwise ordered by the
6 Court, each Holder of an Allowed Administrative Claim (except for Professional Fees, which shall
7 be treated as set forth in Section III(D)) will receive in full satisfaction, discharge, exchange and
8 release thereof, Cash in an amount equal to such Allowed Administrative Claim on the later of (i)
9 the Effective Date, and (ii) the fifteenth (15th) Business Day after such Administrative Claim
10 becomes an Allowed Administrative Claim, or, in either case, as soon thereafter as is practicable.

11 b. Ordinary Course. Notwithstanding anything III.A.1 above to the
12 contrary, holders of Administrative Claims based on liabilities incurred in the ordinary course of
13 the Debtors' businesses following the Petition Date shall not be required to comply with the
14 Administrative Claim Bar Date.

15 c. U.S. Trustee Fees. Quarterly fees owed to the Office of the U.S.
16 Trustee that accrue prior to the Effective Date will be paid by the Debtors and U.S. Trustee Fees
17 that accrue after the Effective Date will be paid for each Reorganized Debtor when due in
18 accordance with applicable law. The Debtors will continue to file the Post-Confirmation
19 Quarterly Reports as required until the Effective Date and the Reorganized Debtors will file the
20 reports after the Effective Date until each Bankruptcy Case is closed under Bankruptcy Code
21 section 350.

22 **B. Priority Tax Claims.** Except to the extent that a Holder of an Allowed Priority
23 Tax Claim has been paid by the Debtors before the Effective Date or agrees to a less favorable
24 treatment, each Holder of an Allowed Priority Tax Claim will receive in full satisfaction,
25 discharge, exchange and release thereof, Cash in an amount equal to such Allowed Priority Tax
26 Claim on the later of (i) the Effective Date or (ii) the fifteenth (15th) Business Day after such
27 Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable.

28

1 C. **DIP Loan Claim.** The DIP Loan Claim will be indefeasibly repaid in full in on or
2 before the Effective Date.

3 D. **Claims for Professional Fees.** Each Holder of a Professional Fee Claim seeking
4 an award of compensation for services rendered or reimbursement of expenses incurred through
5 and including the Effective Date will (i) file their respective interim (if applicable) and final fee
6 applications by no later than the tenth (10th) day after the Effective Date or such other date as may
7 be fixed by the Court and (ii) if granted such an award, be paid Cash in such amounts as are
8 Allowed by the Court on the date such Professional Fee Claim becomes an Allowed Claim, or as
9 soon thereafter as is practicable.

10 IV.

11 **TREATMENT OF CLASSIFIED CLAIMS AGAINST AND INTERESTS**

12 **SCENARIO A AND SCENARIO B**

13 A. **Class 1 – Priority Non-Tax Claims.**

14 1. **Classification.** Class 1 consists of all Priority Non-Tax Claims, if any,
15 against Technologies, Fasteel, Steel Corp. and International, respectively.

16 2. **Impairment and Voting.** Class 1 is unimpaired. Holders of Priority Non-
17 Tax Claims are deemed to have accepted this Plan under section 1126(f) of the Bankruptcy Code
18 and are not entitled to vote on the Plan.

19 3. **Treatment.** Each Holder of an Allowed Class 1 Priority Non-Tax Claim,
20 unless otherwise mutually agreed upon by the Holder of such Claim and the applicable Debtor,
21 will receive Cash in an amount equal to such Class 1 Allowed Priority Non-Tax Claim on the later
22 of (a) the Effective Date, or as soon as practicable thereafter, or (b) the date such Priority Non-Tax
23 Claim becomes an Allowed Priority Non-Tax Claim pursuant to a Final Order, or as soon
24 thereafter as is practicable.

25 B. **Class 2 – Secured Claims.**

26 1. **Classification.** Class 2 consists of all Secured Claims, if any, against
27 Technologies, Fasteel, Steel Corp. and International, respectively.

28

1 2. **Impairment and Voting.** Class 2 is unimpaired. Holders of Secured
2 Claims are deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code and
3 are not entitled to vote on the Plan.

4 3. **Treatment.** Except to the extent that a holder of an allowed Secured Claim
5 and, under Scenario A the party who submits a Successful Bid that is consummated, and under
6 Scenario B, Fourth Third and Investment Funding, agree to a different treatment, each holder of an
7 allowed Secured Claim shall, in full an final satisfaction of such claim, (i) be reinstated and
8 rendered unimpaired in accordance with section 1124(2) of the Bankruptcy Code, notwithstanding
9 any contractual provision or applicable nonbankruptcy law that entitles the holder of an allowed
10 Secured Claim to demand to receive payment of such allowed Secured Claim prior to the stated
11 maturity of such allowed Secured Claim from an after the occurrence of a default, or (ii) receive
12 cash in an amount equal to such allowed Secured Claim in full and complete satisfaction of such
13 allowed Secured Claim. The Plan Proponents will file in the Plan Supplement a list of proposed
14 treatments for each Holder of an Allowed Secured Claim. The Plan Proponents will include in the
15 Plan Supplement a list of proposed treatments for each Holder of an Allowed Secured Claim,
16 which list shall specify treatment in accordance with section B.3(i) or B.3(ii) above.

17 C. **Class 3 – General Unsecured Claims.**

18 1. **Classification.** Class 3 consists of all General Unsecured Claims against
19 Technologies, Fasteel, Steel Corp. and International, respectively.

20 2. **Impairment and Voting.** Class 3 is impaired. Holders of General
21 Unsecured Claims are entitled to vote on the Plan.

22 3. **Treatment.**

23 a. Scenario A. On, within fifteen (15) business after the later of (a) the
24 Effective Date; and (b) the date the Holder of a General Unsecured Claim becomes an Allowed
25 Claim, under Scenario A, Holders of General Unsecured Claims will be paid in cash in full plus
26 interest accruing after the Effective Date at the federal judgment rate, provided, however, the
27 payment of the Fourth Third Discounted Payoff and the Investment Funding Discounted Payoff
28 (i.e., the payment of \$45.5 million to Fourth Third and \$8.5 million to Investment Funding) prior

1 to August 5, 2011 shall be deemed to satisfy Fourth Third's and Investment Funding's Claims in
2 full.

3 b. Scenario B. On, within fifteen (15) business after the later of (a) the
4 Effective Date; and (b) the date the Holder of a General Unsecured Claim becomes an Allowed
5 Claim, under Scenario B, Holders of General Unsecured Claims, excluding Fourth Third on
6 account of the Fourth Third Indebtedness and Investment Funding on account of the Investment
7 Funding Indebtedness (who shall be deemed to receive New Common Interests in lieu of a cash
8 distribution) and excluding any other Holder of an Allowed General Unsecured Claim electing to
9 receive New Common Interests in lieu of a cash distribution, shall receive a distribution equal to
10 eighty five percent (85%) of their Allowed General Unsecured Claim. In addition, on, or as soon
11 as practicable after the later of (a) the one year anniversary of the Effective Date; and (b) the date
12 the Holder of a General Unsecured Claim becomes an Allowed Claim, Holders of General
13 Unsecured Claims will receive a distribution equal to fifteen percent (15%) of their General
14 Unsecured Claim plus accrued and unpaid interest, accrued after the Petition Date, on their entire
15 General Unsecured Claim at the federal judgment rate, subject to availability under the Exit
16 Facility. Alternatively, Holders of General Unsecured Claims may elect on the Ballot to receive
17 New Common Interests in lieu of the Distributions of Cash provided for under Scenario B in
18 which case they will receive a Pro Rata share of New Common Interests based upon the total
19 amount of General Unsecured Claims converted to New Common Interests (with the conversion
20 of the Fourth Third and Investment Funding General Unsecured Claims being made based on their
21 Allowed General Unsecured Claims of 52,562,434.55 and \$11,199,782.34, respectively).
22 Notwithstanding the foregoing, if the proceeds of the Exit Facility, plus an additional amount to be
23 funded by Fourth Third and Investment Funding sufficient to satisfy all General Unsecured Claims
24 against International, are insufficient to make the foregoing distributions to Holders of General
25 Unsecured Claims after payment of Allowed Secured Claims, Administrative Claims, Priority Tax
26 Claims and Priority Non-Tax Claims, then, Holders of General Unsecured Claims (other than
27 Holders of General Unsecured Rejection Damages Claims) shall receive their Pro Rata share of
28 \$1,000,000 minus the amounts necessary to pay Holders of Priority Tax Claims and Priority Non-

1 Tax Claims (and Holders of Allowed General Unsecured Rejection Damages Claims and Allowed
2 General Unsecured Claims with respect to International shall receive an equivalent distribution),
3 provided, however, that in lieu of such treatment the Committee may negotiate for enhanced
4 treatment of Holders of General Unsecured Claims. It is thus the intent of the parties that nothing
5 in this Plan shall impair or discharge the obligation of any party other than these Debtors,
6 including, without limitation, any Affiliate of the Debtors, owed to Fourth Third or Investment
7 Funding against any such party. The Proponents do not request that the Court determine at this
8 time the effect, if any, of the Plan on Fourth Third or Investment Funding's claims against any
9 other party. However, the recovery to them under these Classes shall constitute all of the claims
10 of any type or nature, direct or indirect, by Fourth Third or Investment Funding against the
11 Debtors that are Proponents.

12 **D. Class 4 – Intercompany Claims.**

- 13 1. **Classification.** Class 4 consists of all Intercompany Claims against
14 Technologies, Fasteel, Steel Corp. and International, respectively.
- 15 2. **Impairment and Voting.** Class 4 are Insiders, as that term is defined under
16 the Bankruptcy Code, and, regardless of their treatment, are not entitled to vote on the Plan.
- 17 3. **Treatment.**
- 18 a. Scenario A. Under Scenario A, all Intercompany Claims against
19 Technologies, Fasteel, Steel Corp. and International shall, at the Successful Bidder's option and
20 depending upon consolidation of the Debtors, be either (i) reinstated, in full or in part, or
21 (ii) discharged and extinguished.
- 22 b. Scenario B. Under Scenario B, all Intercompany Claims against
23 Technologies, Fasteel, Steel Corp. and International shall, at Fourth Third's option, be either
24 (i) reinstated, in full or in part, or (ii) discharged and extinguished.

25 **E. Class 5 – Subordinated Claims.**

- 26 1. **Classification.** Class 5 consists of all Subordinated Claims against
27 Technologies, Fasteel, Steel Corp. and International, respectively.

28

1 2. **Impairment and Voting.** Class 5 is impaired under the Plan. Such Claims
2 shall receive the treatment set forth under the Successful Bid (if any) under Scenario A and are
3 thus entitled to vote under Scenario A. Holders of Class 5 Claims will not receive any recovery
4 under Scenario B, are not entitled to vote, and are deemed to reject the Plan.

5 3. **Treatment.**

6 a. Scenario A. Under Scenario A, Subordinated Claims shall receive
7 the treatment set forth under the Successful Bid (if any). The treatment under the Successful Bid
8 may provide that Holders of Subordinated Claims may (a) receive no recovery, or (b) be paid
9 some or all of their claims in: (i) cash, (ii) any other consideration provided for in connection with
10 a Successful Bid (including new interests in the Reorganized Debtors, or (iii) any combination of
11 the foregoing.

12 b. Scenario B. Under Scenario B, Subordinated Claims shall be
13 discharged and extinguished.

14 **F. Class 6 – Equity Interests.**

15 1. **Classification.** Class 6 consists of all Interests in Technologies, Fasteel,
16 Steel Corp. and International, respectively.

17 2. **Impairment and Voting.** Class 6 is impaired under the Plan. Holders of
18 Interests in Class 6 may receive some recovery under Scenario A and are entitled to vote. Holders
19 of Interests in Class 6 shall receive the treatment under the Successful Bid under Scenario A.
20 Holders of Interests will not receive any recovery under Scenario B, are not entitled to vote, and
21 are deemed to reject the Plan.

22 3. **Treatment.**

23 a. Scenario A. Under Scenario A, Class 6 Interests shall receive the
24 treatment set forth under the Successful Bid, if any. The treatment under the Successful Bid may
25 provide that Holders of Interests retain or be paid (a) some or all of their Interests, (b) cash, (c) any
26 other consideration provided for in connection with a Successful Bid (including new interests in
27 the Reorganized Debtors, or (d) any combination of the foregoing.

28

1 b. Scenario B. Under Scenario B, all existing Interests shall be
2 cancelled on the Effective Date. Existing warrants for equity interests shall also be canceled and
3 holders thereof will receive no distribution. Interests in Reorganized Technologies shall be
4 cancelled and replaced with the New Common Interests. Interests in Fasteel, Steel Corp., and
5 International shall be cancelled to be replaced by new Interests to be held by Reorganized
6 Technologies.

7 **G. Nonconsensual Confirmation.** To the extent necessary, the Proponents hereby
8 request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code.

9 V.

10 IMPLEMENTATION OF THE PLAN

11 The Plan shall be implemented on the Effective Date. In addition to the provisions set
12 forth elsewhere in this Plan regarding means of execution, the following shall constitute the
13 principal means for the implementation of the Plan.

14 **A. Corporate Action.** On the Effective Date, the adoption, filing, approval and
15 ratification, as necessary, of all corporate or related actions contemplated under the Plan with
16 respect to each of the Reorganized Debtors shall be deemed authorized and approved in all
17 respects. Without limiting the foregoing, such actions may include: (i) the adoption and filing of
18 the Reorganized Debtor Documents; (ii) the election or appointment, as the case may be, of
19 directors and officers (or managing members, as the case may be) for the Reorganized Debtors;
20 and (iii) the issuance of Interests (including the New Common Interests) under Scenario A or
21 Scenario B.

22 All matters provided for herein involving the corporate structure of any Debtor or
23 Reorganized Debtor, or any corporate action required by any Debtor or Reorganized Debtor in
24 connection with the Plan, shall be deemed to have occurred and shall be in effect, without any
25 requirement of further action by the equity holders, directors or officers of such Debtor,
26 Reorganized Debtor, or by any other stakeholder.

27 On or after the Effective Date, the appropriate officers of each Debtor and/or Reorganized
28 Debtors and members of the board of directors (or equivalent body) of each Debtor and/or

1 Reorganized Debtors are authorized and directed to issue, execute, deliver, file and record any and
2 all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments
3 contemplated by the Plan in the name of and on behalf of such Reorganized Debtor and take such
4 actions as may be necessary or appropriate to effectuate and further evidence the terms and
5 conditions of the Plan.

6 With regard to issuance of any new Interests (including the New Common Interests), the
7 Reorganized Debtors shall be authorized and directed on the Effective Date to take any and all
8 necessary and appropriate actions to issue and deliver the Interests. The terms of the Interests will
9 be subject to a Shareholder Agreement (or equivalent agreement) and related documents, a
10 summary of the key terms of which will be submitted as part of the Plan Supplement. The
11 Interests, when issued or distributed as provided in the Plan, will be duly authorized, validly
12 issued and, if applicable, fully paid and nonassessable. The Proponents (and each of their
13 respective affiliates, agents, directors, officers, members, managers, employees, advisors, and
14 attorneys) have, and upon Confirmation of the Plan shall be deemed to have, participated in good
15 faith and in compliance with the applicable provisions of the Bankruptcy Code and applicable law
16 with regard to the distribution of the Interests, and therefore are not, and on account of such
17 distributions will not be, liable at any time for the violation of any applicable law, rule, or
18 regulation governing the solicitation of acceptances or rejections of the Plan or such distributions
19 made pursuant to the Plan. Upon entry of the Confirmation Order, all provisions of the Plan
20 addressing distribution of any Interests shall be deemed necessary and proper. A summary of key
21 terms expected to be included in such an agreement will be outlined in the Plan Supplement.

22 **B. Sources of Consideration for Plan.**

23 Under Scenario A, the funds to be utilized to make Cash payments under this Plan will be
24 generated from the Successful Bid. Under Scenario B, the funds to be utilized to make Cash
25 payments under this Plan will be generated from the Exit Facility, existing assets, and Cash
26 generated from operations (if any) and additional amounts to be funded by Fourth Third and
27 Investment Funding to insure that Holders of Allowed General Unsecured Rejection Claims and
28

1 Allowed General Unsecured Claims against International receive the same treatment as Holders of
2 General Unsecured Claims against Fasteel, Steel Corp. and Technologies.

3 **C. Continued Corporate Existence; Ongoing Operations of Reorganized Debtors.**

4 As of the Effective Date, each Debtor shall, as a Reorganized Debtor, continue to maintain
5 its separate legal existence for all purposes under the Plan, with each Reorganized Debtor
6 retaining all the powers of a legal entity under applicable law. From and after the Effective Date,
7 the Reorganized Debtors shall continue to engage in business under this Plan.

8 **D. Management and Corporate Governance.**

9 1. Officers and Directors of Reorganized Debtors.

10 On the Effective Date, the Reorganized Debtors shall retain directors (or managing
11 members) or senior officers of the Reorganized Debtors. Under Scenario A, the new directors (or
12 managing members) and senior officers of the Reorganized Debtors shall be determined in
13 connection with the bidders' Successful Bid. Under Scenario B, the new managing members and
14 senior officers for each of the Reorganized Debtors will be set forth in the Plan Supplement.

15 It is possible that certain employees of the Debtors may be approached regarding continued
16 employment by the Reorganized Debtors. Certain employees may even receive offers of
17 employment with the Reorganized Debtors prior to the Effective Date. However, the Debtors
18 have requested that no binding agreements be entered into in connection with such offers prior to
19 the Effective Date, and that any such discussions regarding employment be disclosed in the Plan
20 Supplement so that they are made public prior to the Effective Date. If an officer or director of the
21 Debtors is approached regarding employment or made an offer of employment, the Debtors may
22 exclude such officer or director from participation in the decision-making process as appropriate.

23 2. Adoption or Assumption of Senior Management Contracts.

24 On the Effective Date, the Reorganized Debtors may assume existing management
25 contracts. Notice of such assumption shall be included in the Plan Supplement.

26 3. Adoption of New Management Incentive Plan.

27 On the Effective Date, the Reorganized Debtors may adopt a new management incentive
28 plan (the "Management Incentive Plan"). Under Scenario A, the terms of the Management

1 Incentive Plan shall be determined by the Successful Bidder and shall be consistent with the terms
2 of the Successful Bid. Under Scenario B, the terms of the Management Incentive Plan shall be
3 determined by the Managing Members of the Reorganized Debtors.

4 4. Corporate Structure.

5 Following the Effective Date, under either Scenario A or Scenario B, the Reorganized
6 Debtors shall have the same corporate structure as existed prior the Effective Date, as may be
7 modified in a manner acceptable to the Successful Bidder or Fourth Third and Investment
8 Funding, as applicable.

9 5. Articles of Organization, Bylaws.

10 Each of the Reorganized Debtors' articles of incorporation or bylaws (as applicable), shall
11 contain such provisions as are required to satisfy the provisions of the Plan and Bankruptcy Code
12 and shall include, among other things, (i) provisions prohibiting the issuance of nonvoting equity
13 securities to the extent, and only to the extent, required by section 1123(a)(6) of the Bankruptcy
14 Code, (ii) provisions for a board of directors or managing members (who will be identified in the
15 Plan Supplement or in accordance with the Successful Bid), and (iii) other provisions customary in
16 such situations so long as they are not inconsistent with any of the provisions contained in the
17 foregoing subsections (i) and (ii).

18 **E. Substantive Consolidation.**

19 The Debtors shall be treated as substantively consolidated for claims resolution and
20 distribution purposes. On and after the Effective Date, each and every Claim filed or to be filed in
21 the Cases shall be deemed filed against all the Debtors and shall be a Claim against and obligation
22 of all the Debtors. As a result of the consolidation, any guaranty by one or more of the Debtors of
23 the obligations of another Debtor shall be eliminated. All duplicative Claims (identical in both
24 amount and subject matter) filed against more than one of the Debtors shall be automatically
25 expunged so that only one Claim survives against the consolidated Debtors (but in no way shall
26 such surviving Claim be deemed Allowed by reason of this section). Any claim filed against more
27 than one Debtor for the same underlying debt, whether based on joint and/or several liability or
28 otherwise, shall be treated as one collective obligation of the Debtors.

1 To the extent each Class of Claims votes to accept the Plan, this consolidation will be
2 treated as an approved settlement under Section 1123 of the Bankruptcy Code. Further, this Plan
3 shall serve as a motion by the Proponents seeking entry of a Bankruptcy Court order substantively
4 consolidating all of the Estates into a single consolidated Estate for all purposes associated with
5 Confirmation and distributions to be made under the Plan.

6 Substantive consolidation shall not affect the legal and organizational structure of the
7 Reorganized Debtors or their separate corporate existences or any prepetition or postpetition
8 guarantees, Liens, or security interests that are required to be maintained under the Bankruptcy
9 Code, under the Plan, or in connection with contracts or leases that were assumed or entered into
10 during the Bankruptcy Cases. Any alleged defaults under any applicable agreement with the
11 Debtors or the Reorganized Debtors arising from substantive consolidation shall be deemed cured
12 as of the Effective Date.

13 **F. Revesting of Estate Assets.**

14 Upon the Effective Date, the Reorganized Debtors shall be vested with all right, title and
15 interest in the applicable respective Estate Assets of the Debtors, and such property shall become
16 the property of the Reorganized Debtors free and clear of all Claims, Liens, charges, other
17 encumbrances and Interests, except as set forth in this Plan.

18 **G. Retained Claims and/or Defenses.**

19 As additional consideration to Class 3 General Unsecured Creditors, the Debtors will
20 waive the right to pursue Avoidance Actions pursuant to section 547 of the Bankruptcy Code on
21 the Effective Date. Unless any Causes of Action and Defenses are expressly waived, relinquished,
22 released, compromised, or settled in the Plan or any Final Order (including, without limitation, the
23 Confirmation Order), the Debtors, and the Reorganized Debtors, expressly reserve all such Causes
24 of Action and Defenses for later adjudication by the Reorganized Debtors. The reservation set
25 forth in this section shall include, without limitation, a reservation by the Debtors and the
26 Reorganized Debtors of any Causes of Action and Defenses not specifically identified in the Plan
27 or Disclosure Statement, or of which the Debtors and/or the Proponents may presently be
28 unaware, or which may arise or exist by reason of additional facts or circumstances unknown to

1 the Debtors and/or the Proponents at this time or facts or circumstances that may change or be
2 different from those that the Debtors and/or the Proponents now believe to exist and, therefore, no
3 preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel,
4 issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise), or laches
5 will apply to such Causes of Action and Defenses upon or after the Confirmation of the Plan based
6 on the Disclosure Statement, the Plan or the Confirmation Order, except where such Causes of
7 Action and Defenses have been expressly waived, relinquished, released, compromised, or settled
8 in the Plan or a Final Order. Following the Effective Date, the Reorganized Debtors may assert,
9 compromise or dispose of any Causes of Action and Defenses without further notice to Creditors
10 or authorization of the Bankruptcy Court. Notwithstanding the foregoing or anything to the
11 contrary elsewhere in this Plan, nothing in this Plan or the Confirmation Order shall prejudice or
12 affect (1) any rights of any Person to assert Claims, including Administrative Claims, against the
13 Debtors, the Reorganized Debtors, the Estates, or any transferee thereof, by way of offset,
14 recoupment, or counterclaim to the extent permitted by applicable law; and/or (2) any defense to
15 any Causes of Action and Defenses or any other claims asserted by the Debtors, the Reorganized
16 Debtors, the Estates, or any transferee thereof.

17 **H. Miscellaneous.**

18 1. Tax Identification Numbers. The Reorganized Debtors may require any
19 Creditors to furnish their social security number, employer or taxpayer identification number, and
20 the Reorganized Debtors may condition any distribution upon receipt of such identification
21 number and supporting documentation (including, without limitation, an IRS Form W-9 in the
22 case of a U.S. Person or other appropriate form in the case of a Foreign Person).

23 2. Committee. On the Effective Date, the Committee shall be dissolved and
24 the members of the Committee shall be released and discharged from any further authority, duties,
25 responsibilities, liabilities and obligations related to, or arising from, the Bankruptcy Cases, except
26 that the Committee shall continue in existence and have standing and capacity to prepare and
27 prosecute (i) applications or objections for the payment of fees and reimbursement of expenses
28 incurred by the Committee or any of the estates' Professionals, and (ii) any motions or other

1 actions seeking enforcement or implementation of the provisions of this Plan or the Confirmation
2 Order or pending appeals of Orders entered in the Bankruptcy Cases.

3 3. Final Decree. At any time following the Effective Date, the Reorganized
4 Debtors shall be authorized to file a motion for the entry of a final decree closing the Bankruptcy
5 Cases pursuant to section 350 of the Bankruptcy Code.

6 **VI.**

7 **PROVISIONS GOVERNING DISTRIBUTIONS**

8 **A. Distributions by the Debtors.** The Reorganized Debtors shall administer Claims
9 and make distributions in respect of Allowed Claims; provided, however, the Reorganized Debtors
10 may elect to designate and/or retain a third party to serve as disbursing agent without the need for
11 any further order of the Bankruptcy Court.

12 **B. Estimation.** In order to establish reserves under this Plan and avoid undue delay in
13 the administration of these Bankruptcy Cases, the Debtors, the Reorganized Debtors, or the
14 Proponents, shall have the right to seek an order of the Bankruptcy Court pursuant to section
15 502(c) of the Bankruptcy Code, estimating the amount of any Claim.

16 **C. Distributions on Account of Claims Allowed After the Effective Date.**

17 1. Distributions on Account of Disputed Claims and Estimated Claims.
18 Except as otherwise provided herein, a Final Order, or as agreed by the relevant parties,
19 distributions on account of Disputed Claims and Estimated Claims that become Allowed after the
20 Effective Date shall be made by the Reorganized Debtors within fifteen (15) business days of such
21 Claims becoming Allowed.

22 2. Distributions of New Common Interests. Reorganized Technologies will
23 distribute (i) New Common Interests to the holders of Allowed Class 3 General Unsecured Claims
24 Held by Fourth Third and Investment Funding and (ii) New Common Interests to the Holders of
25 Allowed Class 3 Claims that elect the equity option.

26 3. No Distributions Pending Allowance. Notwithstanding anything in the Plan
27 to the contrary, no distribution shall be made with respect to any Disputed Claim or Estimated
28 Claim until such Claim becomes an Allowed Claim. Notwithstanding the above, to the extent that

1 the Reorganized Debtors dispute the amount owed pursuant to a Claim, but do not dispute some
2 portion of the Claim, the undisputed portion of the Claim shall be treated as an Allowed Claim and
3 only the disputed portion shall be treated as a Disputed Claim.

4 4. Objection Deadline. The Reorganized Debtors shall file all objections to
5 Disputed Claims, and shall file all motions to estimate Claims under section 502(c) of the
6 Bankruptcy Code, on or before the Claims Objection Deadline.

7 5. Disputed and Estimated Claims Reserve.

8 a. Cash Reserve. On and after the Effective Date, the Reorganized
9 Debtors shall maintain in reserve such Cash as necessary to satisfy any Cash distributions required
10 to be made to Holders of Disputed Claims and Estimated Claims against the Debtors in full, which
11 reserves shall be held by a third party escrow holder acceptable to the Committee.

12 b. Professional Fee Reserve. Fees incurred by Professionals prior to
13 the Effective Date shall be estimated and placed into a trust account for all Professionals to be paid
14 upon entry of an order approving the final fee applications with any remaining amount to be
15 returned to be Reorganized Debtors to be distributed in accordance with the Plan.

16 6. Settling Disputed Claims. The Reorganized Debtors shall be authorized to
17 settle, or withdraw any objections to any Disputed Claims following the Effective Date without
18 further order of the Court.

19 **D. Distributions in Cash.** The Reorganized Debtors shall make any required Cash
20 payments to the holders of Allowed Claims in U.S. dollars by check and by first-class mail (or by
21 other equivalent or superior means as determined by the Reorganized Debtors).

22 **E. Undeliverable Distributions.** Distributions shall be made to the name and address
23 on the Creditor's proof of claim, if applicable, or if no Claim was filed, to the name and address in
24 the Debtors' records. If any distribution under the Plan is returned as undeliverable, no further
25 distributions to such Person shall be made unless and until the Reorganized Debtors or other
26 appropriate disbursing agent is notified in writing of such holder's then-current address, at which
27 time the undelivered distributions shall be made to such holder without interest or dividends.

28

1 Undeliverable distributions shall be returned to the Reorganized Debtors until such distributions
2 are claimed.

3 **F. Unclaimed Distributions.** Any entity that fails to claim any Cash within ninety
4 (90) days from the date upon which a distribution of Cash is first made to such entity shall forfeit
5 all rights to any distribution under the Plan, and the Reorganized Debtors shall be authorized to
6 cancel any distribution that is not timely claimed. Pursuant to section 347(b) of the Bankruptcy
7 Code, upon forfeiture, such Cash (including interest thereon, if any) shall revert to the
8 Reorganized Debtors free of any restrictions under the Plan, the Bankruptcy Code or the
9 Bankruptcy Rules, provided, however, that until Holders of Allowed General Unsecured Claims
10 have received payment in full plus interest at the federal judgment rate, any unclaimed
11 distributions, after forfeiture, shall be distributed, Pro Rata, to the Holders of General Unsecured
12 Claims. Upon forfeiture, the Claim of a Person with respect to such funds shall be discharged and
13 forever barred notwithstanding any federal or state escheat laws to the contrary, and Holders of
14 such Claims shall have no claim whatsoever against the Debtors or the Reorganized Debtors.

15 **G. Setoff.** Nothing contained in the Plan shall constitute a waiver or release by the
16 Debtors of any right of setoff or recoupment the Debtors may have against any Person. To the
17 extent permitted by applicable law, the Reorganized Debtors may setoff or recoup against any
18 Claim and the payments or other distributions to be made under the Plan in respect of such Claim,
19 claims of any nature whatsoever that arose before the Petition Date that the Debtors may have
20 against the holder of such Claim or Interest. Notwithstanding the foregoing or anything to the
21 contrary elsewhere in the Plan, nothing in the Plan or the Confirmation Order shall prejudice or
22 affect (1) any rights of any Person to assert Claims, including Administrative Claims, against the
23 Debtors, the Reorganized Debtors, the Estates, or any transferee thereof, by way of offset,
24 recoupment, or counterclaim to the extent permitted by applicable law; and/or (2) any defense to
25 any Causes of Action and Defenses or any other claims asserted by the Debtors, the Reorganized
26 Debtors, the Estates, or any transferee thereof.

27 **H. Taxes.** Pursuant to section 346(f) of the Bankruptcy Code, the Reorganized
28 Debtors shall be entitled to deduct any federal, state or local withholding taxes from any Cash

1 payments made with respect to Allowed Claims, as appropriate. The Reorganized Debtors shall
2 be authorized to take all actions necessary to comply with applicable withholding and recording
3 requirements. Notwithstanding any other provision of the Plan, each holder of an Allowed Claim
4 that has received a distribution of Cash shall have sole and exclusive responsibility for the
5 satisfaction or payment of any tax obligation imposed by any governmental unit, including
6 income, withholding and other tax obligation, on account of such distribution. For tax purposes,
7 distributions received in respect of Allowed Claims will be allocated first to the principal amount
8 of such Claims, with any excess allocated to unpaid accrued interest, if any.

9 **I. De Minimis Distributions.** If any interim distribution under the Plan to the holder
10 of an Allowed Claim would be less than \$50.00 or a fractional number of New Common Interests,
11 the Reorganized Debtors may withhold such distribution. If any final distribution under the Plan
12 to the holder of an Allowed Claim would be less than \$25.00, the Reorganized Debtors may
13 cancel such distribution. Any unclaimed distributions pursuant to this section shall be treated as
14 unclaimed property under the Plan.

15 **J. Preservation of Causes of Action.** As of the Effective Date, all Causes of Action
16 (other than Avoidance Actions, which shall be released) shall vest in the Reorganized Debtor.
17 Any Person with respect to whom any Debtor has incurred an obligation (whether on account of
18 services, purchase or sale of property, or otherwise), or who has received services from any of the
19 Debtors or a transfer of money or property of any of the Debtors, or who has transacted business
20 with any of the Debtors, or leased equipment or property from any of the Debtors should assume
21 that such obligation, transfer, or transaction may be reviewed by the Reorganized Debtors
22 subsequent to the Effective Date, and may, if appropriate, be the subject of an action after the
23 Effective Date, whether or not (i) such Person has filed a proof of Claim against any of the
24 Debtors; (ii) such Person's proof of Claim has been objected to; (iii) such Person's Claim was
25 included in the Schedules; (iv) such Person's scheduled Claims have been objected to or has been
26 identified by the Debtors as disputed, contingent, or unliquidated; or (v) such Person has
27 previously been notified that the Debtors believe the estate holds Causes of Action against such
28 Person.

1 VII.

2 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

3 A. **Assumption.** On the Effective Date, pursuant to section 1123(b)(2) of the
4 Bankruptcy Code, the Reorganized Debtors will assume the executory contracts and unexpired
5 leases of the Debtors that: (a) have been expressly identified in the Plan Supplement for
6 assumption, (b) are subject to a motion for assumption, or (c) are identified in the Successful Bid
7 (as applicable, the "Notice of Assumption"). Each executory contract and unexpired lease listed in
8 the Plan Supplement shall include any modifications, amendments and supplements to such
9 agreement, whether or not listed in the Plan Supplement.

10 B. **Rejection.** Except as set forth in this Article VII of this Plan or the Notice of
11 Assumption, on the Effective Date, pursuant to section 1123(b)(2) of the Bankruptcy Code, the
12 Debtors will reject any and all executory contracts and unexpired leases of the Debtors otherwise
13 not identified in the Notice of Assumption. Any Person asserting any Claim for damages arising
14 from the rejection of an executory contract or unexpired lease of the Debtors under this Plan shall
15 file such Claim on or before the Rejection Claim Bar Date, or be forever barred from: (a) asserting
16 such Claim against the Debtors, the Reorganized Debtors, or the Estate Assets, and (b) sharing in
17 any distribution under the Plan.

18 C. **Assumption Obligations.** The Reorganized Debtors shall satisfy all Assumption
19 Obligations, if any, by making a Cash payment in the manner provided in Section VI(D) of this
20 Plan or as otherwise permitted by section 365(b)(1)(B) of the Bankruptcy Code, equal to the
21 amount specified in the Notice of Assumption, unless an objection to such proposed amount is
22 filed with the Bankruptcy Court and served on counsel to the Proponents on or prior to the date set
23 by the Bankruptcy Court for filing objections to Confirmation of the Plan and the Bankruptcy
24 Court, after notice and hearing, determines that the applicable Debtor is obligated to pay a
25 different amount under section 365 of the Bankruptcy Code, in which case, the Proponents shall
26 have the right to remove such executory contract or lease from the list of assumed contracts
27 pursuant to Section VII(F) of this Plan, or, if following the Effective Date, file a motion within ten
28 (10) days after such determination to seek an order of the Bankruptcy Court rejecting such

1 executory contract or unexpired lease. Any Person that fails to object to the Assumption
2 Obligation specified in the Plan Supplement on or prior to the date set by the Bankruptcy Court for
3 filing objections to Confirmation of the Plan and/or other subsequent date(s) set by the Bankruptcy
4 Court, as applicable, shall be forever barred from: (a) asserting any other, additional or different
5 amount on account of such obligation against the Debtors, the Reorganized Debtors, or the Estate
6 Assets, and (b) sharing in any other, additional or different distribution under the Plan on account
7 of such obligation. Any cure payments made pursuant to this paragraph shall not reduce the
8 General Unsecured Creditor Recovery and, under Scenario B, shall increase the amount of the Exit
9 Facility.

10 **D. Effect of Confirmation Order.** The Confirmation Order shall constitute an order
11 of the Bankruptcy Court: (i) approving, as of the Effective Date, the assumption or rejection by
12 the Reorganized Debtors pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of
13 all executory contracts and unexpired leases identified under this Article VII of the Plan and/or the
14 Plan Supplement. The contracts and leases identified in this Plan will be assumed or rejected,
15 respectively, only to the extent that such contracts or leases constitute pre-petition executory
16 contracts or unexpired leases of the Debtors, and the identification of such agreements under this
17 Plan does not constitute an admission with respect to the characterization of such agreements or
18 the existence of any unperformed obligations, defaults, or damages thereunder. This Plan does not
19 affect any executory contracts or unexpired leases that: (a) have been assumed, rejected or
20 terminated prior to the Confirmation Date, or (b) are the subject of a pending motion to assume,
21 reject or terminate as of the Confirmation Date.

22 **E. Post-Petition Agreements.** Unless inconsistent with the provisions of the Plan, all
23 contracts, leases and other agreements entered into or restated by the Debtors on or after the
24 Petition Date, or previously assumed by any of the Debtors prior to the Confirmation Date (or the
25 subject of a pending motion to assume by either of the Debtors as of the Confirmation Date that is
26 granted by the Bankruptcy Court), which have not expired or been terminated in accordance with
27 their terms, shall be performed by the Reorganized Debtors in the ordinary course of business and
28 shall survive and remain in full force and effect following the Effective Date.

1 7. Neither a trustee under chapter 7 or 11 of the Bankruptcy Code, a
2 responsible officer with enlarged powers, nor an examiner with enlarged powers (i.e., powers
3 beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code) relating to operation
4 of the business under section 1106(b) of the Bankruptcy Code shall have been appointed for the
5 Debtors;

6 8. Absent agreement of Fourth Third and Investment Funding to the contrary,
7 except as necessary to insure that Holders of General Unsecured Rejection Damage Claims and
8 General Unsecured Claims against International receive the same Pro Rata distribution as Holders
9 of General Unsecured Claims of Fasteel, Steel Corp. and Technologies, in their sole and absolute
10 discretion, the Exit Facility shall not exceed the greater of (1) \$3.6 million, or (ii) an amount
11 sufficient to satisfy the DIP Loan, Allowed Secured Claims and Allowed Administrative Claims
12 and provide a minimum of \$1,000,000 to be made available to fund payments to Holders of
13 Allowed General Unsecured Claims Allowed Priority Tax Claims and Allowed Non-Tax Priority
14 Claims; and

15 9. If the Exit Facility is not sufficient to pay the General Unsecured Creditor
16 Recovery, the Committee shall have consented to such other treatment.

17 **B. Conditions to Effectiveness.** The following are conditions precedent to the
18 occurrence of the Effective Date:

19 1. Under Scenario A, Fourth Third and Investment Funding shall have been
20 paid \$45.5 million and \$8.5 million, in cash, on or before August 5, 2011;

21 2. Under Scenario A or Scenario B, reserves have been established with a third
22 party escrow holder to pay all Allowed Claims and Disputed Claims in full;

23 3. Under Scenario B, the Exit Facility has been funded in full;

24 4. The Confirmation Date shall have occurred;

25 5. The Confirmation Order shall be a Final order;

26 6. No request for revocation of the Confirmation Order under section 1144 of
27 the Bankruptcy Code has been made, or, if made, remains pending;

28 7. The Professional Fee Reserve shall have been funded;

1 8. The Proponents shall have determined that all Disputed Claims have been
2 sufficiently resolved or estimated so as to establish the Distribution Reserve; and

3 9. All actions, documents and agreements necessary to implement the Plan
4 shall have been effected or executed as determined by the Proponents in their sole and absolute
5 discretion, provided, however, that if under Scenario A all of the other conditions set forth above
6 have been met, then the Debtors in their sole discretion shall determine whether all actions,
7 documents and agreements necessary to implement the Plan have been effected or executed.

8 **C. Waiver of Conditions.** Conditions to Confirmation and the Effective Date may be
9 waived, in whole or in part, by the Proponents adversely affected by such waiver at any time
10 without notice, an order of the Bankruptcy Court, or any further action other than proceeding to
11 Confirmation and consummation of the Plan.

12 **IX.**

13 **EFFECTS OF CONFIRMATION**

14 The rights afforded under the Plan and the treatment of all Claims and Interests under the
15 Plan shall be the sole and exclusive remedy on account of such Claims against, and Interests in the
16 Debtors, the Reorganized Debtors, and the Estate Assets. The distributions made pursuant to the
17 Plan shall be in full and final satisfaction, settlement, release and discharge of the Allowed Claims
18 on account of which such distributions are made. Confirmation of the Plan shall bind and govern
19 the acts of the Reorganized Debtors and all holders of all Claims against, and Interests in the
20 Debtors, whether or not: (i) a proof of Claim or proof of Interest is filed or deemed filed pursuant
21 to section 501 of the Bankruptcy Code; (ii) a Claim or Interest is allowed pursuant to section 502
22 of the Bankruptcy Code, or (iii) the holder of a Claim or Interest has accepted the Plan.

23 Upon the Effective Date, title to all remaining Estate Assets of the Debtors shall vest in the
24 Reorganized Debtors for the purposes contemplated under the Plan and shall no longer constitute
25 property of the Debtors' Estates. Except as otherwise provided in the Plan, upon the Effective
26 Date, all Estate Assets shall be free and clear of all Claims and Interests, including Liens, charges
27 or other encumbrances of Creditors of the Debtors.
28

1 **A. Release by Debtors.** *As of the Effective Date, for good and valuable*
2 *consideration, the Debtors, their Estates, and the Reorganized Debtors release the Released*
3 *Parties from any and all Causes of Action and Defenses (other than the rights, if any, of the*
4 *Debtors or the Reorganized Debtors to enforce applicable post-petition agreements (including,*
5 *without limitation, any settlement agreements), any order entered in the Cases, the Plan and any*
6 *agreements, instruments or other documents delivered thereunder, and the Plan Supplement) held,*
7 *assertable on behalf of or derivative from the Debtors, whether known or unknown, foreseen or*
8 *unforeseen, existing or hereafter arising, in law, equity or otherwise, based on or relating to or in*
9 *any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the conduct*
10 *of the Debtors' businesses, the Cases, the purchase, sale or rescission of the purchase or sale of*
11 *any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any*
12 *Claim or Interest that is treated in the Plan, and/or the business or contractual arrangements*
13 *between any Debtor and any Agent thereof, and/or the restructuring of Claims and Interests prior*
14 *to or in the Cases, which Causes of Action and Defenses are based in whole or in part on any act,*
15 *omission, transaction, event or other occurrence (except for willful misconduct, ultra vires acts, or*
16 *gross negligence) taking place before the Effective Date; provided, however, that no Released*
17 *Party shall be release or discharged from any obligations under the Plan. Notwithstanding the*
18 *foregoing, if a Released Party directly or indirectly brings or asserts any Claim or Cause of*
19 *Action and Defense in any way arising out of or related to any document or transaction that was*
20 *in existence prior to the Effective Date against the Debtors, the Reorganized Debtors, or any of*
21 *their Agents, then the release set forth in this section (but not any release or exoneration or any*
22 *other rights or claims granted under any other section of the Plan or under any other document or*
23 *agreement) shall automatically and retroactively be null and void ab initio with respect to such*
24 *Released Party; provided, however, the immediately preceding clause shall not apply to the*
25 *prosecution in this Court (or any appeal therefrom) of the amount, priority or secured status of*
26 *any pre-petition Claim or ordinary course Administrative Claim against the Debtors. As of the*
27 *Effective Date, the Debtors release holders of General Unsecured Creditors Claims from any and*
28 *all Avoidance Actions.*

1 1. **Certain Waivers.** In an abundance of caution, each Debtor shall waive the
2 effect of section 1542 of the California Civil Code to the extent that such section is applicable to
3 the Debtors. Section 1542 of the California Civil Code provides:

4 §1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
5 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
6 FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY
7 HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER
8 SETTLEMENT WITH THE DEBTOR.

9 EACH DEBTOR AGREES TO ASSUME THE RISK OF ANY AND ALL UNKNOWN
10 UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION,
11 CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS WHICH ARE RELEASED
12 BY THE PLAN AND EACH DEBTOR HEREBY WAIVES AND RELEASES ALL RIGHTS AND
13 BENEFITS WHICH IT MIGHT OTHERWISE HAVE UNDER THE AFOREMENTIONED
14 SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH REGARD TO THE RELEASE OF
15 SUCH UNKNOWN UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES
16 OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS. TO THE
17 EXTENT (IF ANY) ANY OTHER LAWS SIMILAR TO SECTION 1542 OF THE CALIFORNIA
18 CIVIL CODE MAY BE APPLICABLE EACH DEBTOR WAIVES AND RELEASES ANY BENEFIT
19 RIGHT OR DEFENSE WHICH IT MIGHT OTHERWISE HAVE UNDER ANY SUCH LAW WITH
20 REGARD TO THE RELEASE OF UNKNOWN UNANTICIPATED OR MISUNDERSTOOD
21 DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS
22 AND OBLIGATIONS.

23 **B. Discharge and Permanent Injunction.** *Except as otherwise set forth in the Plan,*
24 *Confirmation of the Plan shall discharge the Debtors and the Reorganized Debtors from all*
25 *Claims or other debts that arose at any time before the Effective Date, and all debts of the kind*
26 *specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (a) a proof*
27 *of claim based on such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b)*
28 *a Claim based on such debt is Allowed under section 502 of the Bankruptcy Code; or (c) the*

1 holder of a Claim has accepted the Plan. As of the Effective Date, all entities that have held,
2 currently hold or may hold a Claim or other debt or liability that is discharged or any other right
3 that is terminated under the Bankruptcy Code or the Plan are permanently enjoined, to the full
4 extent provided under section 524(a) of the Bankruptcy Code, from "the commencement or
5 continuation of an action, the employment of process, or an act, to collect, recover or offset any
6 such debt as a personal liability" of the Debtors or the Reorganized Debtors, except as otherwise
7 set forth in the Plan. Nothing contained in the foregoing discharge shall affect the liability of any
8 other entity on, or the property of any other entity for, any debt of the Debtors that is discharged
9 under the Plan.

10 **C. Limitation of Liability.** *The Debtors, the Reorganized Debtors, the Proponents*
11 *and each of their respective Agents shall have all of the benefits and protections afforded under*
12 *section 1125(e) of the Bankruptcy Code and applicable law.*

13 **D. Exoneration and Reliance.** *The Debtors, the Reorganized Debtors, their Estates,*
14 *the Proponents and each of their respective Agents, shall not be liable, other than for gross*
15 *negligence, willful misconduct, acts taken in violation of an Order of the Bankruptcy Court*
16 *entered in the Cases, or under section 549 of the Bankruptcy Code, to any holder of a Claim or*
17 *Interest or any other entity with respect to any action, omission, forbearance from action,*
18 *decision, or exercise of discretion taken at any time after the Petition Date in connection with the*
19 *Cases or the negotiation, formulation, development, proposal, disclosure, Confirmation or*
20 *implementation of the Plan. The Debtors, the Reorganized Debtors, their Estates, the Proponents,*
21 *and each of their respective Agents may reasonably rely upon the opinions of their respective*
22 *counsel, accountants, and other experts and professionals and such reliance, if reasonable, shall*
23 *conclusively establish good faith and the absence of gross negligence or willful misconduct;*
24 *provided, however, that a determination that such reliance is unreasonable shall not, by itself,*
25 *constitute a determination or finding of bad faith, gross negligence or willful misconduct.*

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1 X.

2 **RETENTION OF JURISDICTION**

3 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective
4 Date, the Bankruptcy Court shall retain jurisdiction over the Bankruptcy Cases after the Effective
5 Date to the extent legally permissible, including, without limitation, jurisdiction to:

6 a. Allow, disallow, determine, liquidate, classify, estimate, or establish
7 the priority or secured or unsecured status of any Claim, including the resolution of any request for
8 payment of any Administrative Claim and the resolution of any objections to the allowance or
9 priority of Claims;

10 b. Grant or deny any applications for allowance of compensation or
11 reimbursement of expenses authorized under the Bankruptcy Code or the Plan;

12 c. Resolve any matters related to the assumption, assumption and
13 assignment, or rejection of any executory contract or unexpired lease to which any Debtor is a
14 party and to hear, determine and, if necessary, liquidate, any Claims arising from, or cure amounts
15 related to, such assumption or rejection;

16 d. Ensure that distributions to holders of Allowed Claims are
17 accomplished in accordance with the Plan;

18 e. Decide or resolve any motions, adversary proceedings, contested or
19 litigated matters, and any other matters and grant or deny any applications or motions involving
20 any Debtor that may be pending on the Effective Date;

21 f. Enter such orders as may be necessary or appropriate to implement
22 or consummate the provisions of the Plan and all contracts, instruments, releases, and other
23 agreements or documents created in connection with the Plan or the Disclosure Statement;

24 g. Resolve any cases, controversies, suits or disputes that may arise in
25 connection with the consummation, interpretation or enforcement of the Plan or any Person's
26 obligations incurred in connection with the Plan;

27 h. Modify the Plan before or after the Effective Date under section
28 1127 of the Bankruptcy Code or modify the Disclosure Statement or any contract, instrument,

1 release, or other agreement or document created in connection with the Plan or the Disclosure
2 Statement; or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy
3 Court order, the Plan, the Disclosure Statement, or any contract, instrument, release, or other
4 agreement or document created in connection with the Plan and the Disclosure Statement, in such
5 manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by
6 the Bankruptcy Code;

7 i. Enter and implement such orders as are necessary or appropriate if
8 the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

9 j. Determine any other matters that may arise in connection with or
10 related to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument,
11 release, or other agreement or document created in connection with the Plan, the Disclosure
12 Statement or the Confirmation Order, except as otherwise provided in the Plan;

13 k. Hear and determine Causes of Action and Defenses commenced by
14 the Debtors or the Reorganized Debtors to the extent the Bankruptcy Court otherwise has
15 jurisdiction over such claims;

16 l. Hear and determine any and all retained Claims commenced by the
17 Debtors to the extent the Bankruptcy Court otherwise has jurisdiction over such claims;

18 m. Enter and implement other orders, or take such other actions as may
19 be necessary or appropriate to restrain interference by any entity with consummation or
20 enforcement of the Plan, except as otherwise provided in the Plan; and

21 n. Enter an order closing the Bankruptcy Cases at the appropriate time.

22 **XI.**

23 **AMENDMENT AND WITHDRAWAL OF PLAN**

24 **A. Amendment of the Plan.** At any time before the Confirmation Date, the
25 Proponents, acting unanimously, may alter, amend, or modify the Plan, subject only to the
26 restrictions on modifications set forth in section 1127 of the Bankruptcy Code and Bankruptcy
27 Rule 3019, provided, however, that the Plan may be altered, amended or modified without the
28 unanimous approval of all of the Proponents provided that such alteration, amendment or

1 modification does not adversely affect the interests of any Proponent that does not consent to such
2 alteration, amendment or modification. Specifically, the Proponents shall be entitled to amend the
3 Plan to reflect the results of the Auction and given that the modifications or amendments to the
4 Plan will be an enhancement to the proposed treatment of Claims under the Plan or no worse
5 treatment than currently proposed under the Plan, any such modification or amendments are
6 approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional
7 disclosure or resolicitation under Bankruptcy Code 3019. After the Confirmation Date, the
8 Proponents may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the
9 Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan,
10 the Disclosure Statement, or the Confirmation Order, or as otherwise may be necessary to carry
11 out the purposes and effects of the Plan so long as such proceedings do not materially and
12 adversely affect the treatment of holders of Claims under the Plan; *provided, however*, that prior
13 notice of such proceedings shall be served in accordance with the Bankruptcy Rules or applicable
14 order of the Bankruptcy Court.

15 **B. Revocation or Withdrawal of the Plan.** Acting unanimously, the Proponents
16 reserve the right to revoke or withdraw the Plan. If the Plan is withdrawn or revoked, then the
17 Plan shall be deemed null and void, and nothing contained in the Plan shall be deemed a waiver of
18 any Claims by or against the Proponents or any other Person in any further proceedings involving
19 the Proponents or an admission of any sort, and the Plan and any transaction contemplated by the
20 Plan shall not be admitted into evidence in any proceeding. To the extent that any Proponent
21 withdraws as a Proponent, the remaining Proponents shall have the right to take all actions
22 necessary to confirm, and consummate, the Plan.

23 **XII.**

24 **MISCELLANEOUS**

25 **A. Effectuating Documents; Further Transactions; Timing.** The Debtors, the
26 Reorganized Debtors, and the Proponents shall be authorized and directed to execute, deliver, file,
27 or record such contracts, instruments, releases, and other agreements or documents, and to take
28 such actions as may be necessary or appropriate to effectuate and further evidence the terms and

1 conditions of the Plan. All transactions required to occur on the Effective Date under the terms of
2 the Plan shall be deemed to have occurred simultaneously.

3 **B. Exemption From Transfer Taxes.** In accordance with section 1146(c) of the
4 Bankruptcy Code, the making, delivery, or recording of a deed or other instrument of transfer
5 under this Plan shall not be subject to any stamp tax or similar tax, fee or assessment, and the
6 appropriate state or local government officials or agents, shall be directed to forego the collection
7 of any such tax, fee or assessment and to accept for filing or recordation any of the foregoing
8 instruments or other documents without the payment of any such tax, fee or assessment.

9 **C. Governing Law.** Except to the extent that the Bankruptcy Code or other federal
10 law is controlling, the rights, duties and obligations of the Debtors, the Reorganized Debtors, and
11 any other Person arising only under the Plan shall be governed by, and construed and enforced in
12 accordance with, the internal laws of the State of California, without giving effect to California's
13 choice of law provisions.

14 **D. Modification of Payment Terms.** The Reorganized Debtors may modify the
15 treatment of any Allowed Claim or Interest in any manner adverse only to the holder of such
16 Claim or Interest at any time after the Effective Date upon the prior written consent of the Person
17 whose Allowed Claim or Interest treatment is being adversely affected.

18 **E. Provisions Enforceable.** The Confirmation Order shall constitute a judicial
19 determination that each term and provision of this Plan is valid and enforceable in accordance with
20 its terms.

21 **F. Quarterly Fees to the United States Trustee.** All fees payable under 28 U.S.C.
22 § 1930(a)(6) shall be paid by the Debtors in the amounts and at the times such fees may become
23 due up to and including the Effective Date. Thereafter, the Reorganized Debtors shall pay all fees
24 payable under 28 U.S.C. § 1930(a)(6) until the Bankruptcy Cases are closed, dismissed or
25 converted.

26 **G. Timing of Payment.** Whenever any payment or distribution to be made under the
27 Plan is due on a day other than a Business Day, such payment or distribution may instead be
28 made, without interest, on the immediately following Business Day.

1 **H. Notice of Confirmation.** As soon as practicable following the Effective Date of
2 the Plan, the Reorganized Debtors shall file and serve a notice of the entry of the Confirmation
3 Order in the manner required under Bankruptcy Rule 2002(f). The notice shall further identify the
4 Effective Date and shall set forth the Administrative Claim Bar Date, the Professional Fees Bar
5 Date, the Rejection Claims Bar Date and any other deadlines that may be established under the
6 Plan or the Confirmation Order.

7 **I. Successors and Assigns.** The Plan is binding upon and will inure to the benefit of
8 the Debtors, the Reorganized Debtors, and each of their respective Agents, successors, and
9 assigns, including, without limitation, any bankruptcy trustees or estate representatives.

10 **J. Notices.** Except as otherwise provided in the Plan, any notice or other
11 communication required or permitted under the Plan will be in writing and deemed to have been
12 validly served, given, delivered, and received upon the earlier of: (a) the third (3rd) calendar day
13 after transmission by facsimile or hand delivery or deposit with an overnight express service or
14 overnight mail delivery service; or (b) the third (3rd) calendar day after deposit in the United
15 States mail, with proper first class postage prepaid. If such notice is made to the Debtors, it shall
16 be addressed as follows:

17 If such notice is made to the Proponents, it shall be addressed as follows:

18 Debtors
19 Ori Katz
20 Sheppard, Mullin, Richter & Hampton LLP
21 A Limited Liability Partnership
22 Including Professional Corporations
23 Four Embarcadero Center, Suite 1700
24 San Francisco, California 94111
25 Tel: 415.434.9100
26 Fax: 415.434.3947

23 Fourth Third
24 John D. Fredericks
25 Winston & Strawn LLP
26 101 California Street
27 San Francisco, CA 94111-5802
28 Tel: 415.591.1000
 Fax: 415.591.1400

1 Investment Funding
2 Donald A. English, Esq.
3 English & Gloven, A Professional Corporation
4 550 West C Street, Suite 1800
5 San Diego, CA 92101
6 Tel: 619-338-6610
7 Fax: 619-338-6657

8 Committee
9 Jeff Pomerantz
10 Pachulski Stang Ziehl & Jones LLP
11 10100 Santa Monica Blvd., 11th Floor
12 Los Angeles, California 90067-4100
13 Tel: 310.277.6910
14 Fax: 310.201.0760

15 **K. Notice to Claim and Interest Holders.** Notices to Persons holding a Claim or
16 Interest will be sent to the addresses set forth in such Person's proof of Claim or Interest or, if none
17 was filed, at the address set forth in the Schedules.

18 **L. Post-Effective Date Notices.** Following the Effective Date, notices will only be
19 served on the Reorganized Debtors, the Office of the United States Trustee and those Persons who
20 file with the Court and serve upon the Reorganized Debtors a request, which includes such
21 Person's name, contact person, address, telephone number and facsimile number, that such Person
22 receive notice of post-Effective Date matters. Persons who had previously filed with the Court
23 requests for special notice of the proceedings and other filings in the Bankruptcy Cases will not
24 receive notice of post-Effective Date matters unless such Persons file a new request for notice.

25 **M. Incorporation by Reference.** All exhibits, schedules and supplements to the Plan
26 are incorporated and are made a part of the Plan as if set forth in full in the Plan.

27 **N. Computation of Time.** In computing any period of time prescribed or allowed by
28 the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any reference to "day" or "days"
shall mean calendar days, unless otherwise specified herein.

O. Conflict of Terms. In the event of a conflict between the terms of this Plan and
the Disclosure Statement, the terms of this Plan will control.

P. Severability of Plan Provisions. If, prior to Confirmation, any non-material term
or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the
Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid

1 or enforceable to the maximum extent practicable, consistent with the original purpose of the term
2 or provision held to be invalid, void or unenforceable, and such term or provision will then be
3 applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation,
4 the remainder of the terms and provisions of the Plan will remain in full force and effect and will
5 in no way be affected, Impaired or invalidated by such holding, alteration or interpretation. The
6 Confirmation Order will constitute a judicial determination that each term and provision of the
7 Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and
8 enforceable pursuant to its terms. In addition, in the event that certain Debtors are excluded from
9 the scope of the Plan or the Plan is determine to be invalid, void or unenforceable as to such
10 Debtors, the remaining provisions of the Plan shall remain valid and enforceable against the
11 remaining Debtors to the Plan.

12 **XIII.**

13 **DEFINITIONS AND RULES OF INTERPRETATION**

14 Any term used in the Plan that is not defined herein but is defined in the Bankruptcy Code
15 or the Bankruptcy Rules retains the meaning specified for such term in the Bankruptcy Code or
16 the Bankruptcy Rules, as applicable. The words "include", "includes" and "including" are deemed
17 to be followed by the phrase "without limitation." The meanings given to terms defined herein are
18 equally applicable to both the singular and plural forms of such terms. Whenever the context may
19 require, any pronoun includes the corresponding masculine, feminine and neuter forms. Except as
20 otherwise expressly provided herein, all references to "dollars" or "\$" are deemed references to the
21 lawful money of the United States of America.

22 As used in the Plan and Disclosure Statement, except as otherwise expressly provided, the
23 following terms have the meanings set forth below:

24 **A. Administrative Claim.** A Claim for any expense of administration of the
25 Bankruptcy Cases under section 503(b) of the Bankruptcy Code and entitled to priority under
26 section 507(a)(2) of the Bankruptcy Code, including, without limitation: (a) actual and necessary
27 costs and expenses incurred in the ordinary course of the Debtors' businesses; (b) actual and
28 necessary costs and expenses of preserving the Estates or administering the Bankruptcy Cases; (c)

1 all Professional Fees; (d) any amounts owing under an agreement made by the Debtors that
2 satisfies the requirements of section 503(b) of the Bankruptcy Code; and (e) all fees payable under
3 28 U.S.C. § 1930.

4 **B. Administrative Claim Bar Date.** The tenth (10th) day after the Effective
5 Date, by which date certain entities asserting an Administrative Claim (excluding Professional Fee
6 Claims) against any of the Debtors must have filed a request for payment with the Bankruptcy
7 Court under section 503(a) of the Bankruptcy Code, or be forever barred from asserting an
8 Administrative Claim against the Debtors and/or sharing in any distribution under the Plan.

9 **C. Agent.** Any former or current shareholder, affiliate, director, officer,
10 employee, partner, member, agent, attorney, accountant, advisor or other representative of any
11 person or entity (solely in their respective capacities as such, and not in any other capacity).

12 **D. Allowed.** With respect to Claims: (a) any Claim, proof of which, request
13 for payment of which, or application for allowance of which, was filed on or before the Bar Date,
14 Administrative Claim Bar Date, or Professional Fees Bar Date, as applicable, for Claims of such
15 type against the Debtors; (b) any Claim, if no proof of Claim or Interest is filed, which has been or
16 is listed by the Debtors in the Schedules as liquidated in amount and not disputed or contingent; or
17 (c) any Claim that is expressly allowed by the Plan or under any agreement entered into in
18 connection with the Plan; *provided, however*, that with respect to any Claim described in clauses
19 (a) or (b) above, such Claim shall be considered Allowed only if either (i) no objection to the
20 allowance thereof has been interposed by the Claims Objection Deadline, or (ii) an objection to the
21 Claim has been interposed and a Final Order has been entered allowing the Claim for distribution
22 purposes, or (iii) the Reorganized Debtors have agreed to settle and allow the Claim, without the
23 need for Bankruptcy Court approval, in accordance with this Plan. The term "Allowed," when
24 used to describe a reference in the Plan to any Claim, Interest, Class of Claims or Class of
25 Interests, means a Claim or Interest (or any Claim or Interest in any such Class) that is so allowed.
26 The term "Allowed Claim," will not, for purposes of computing distributions under the Plan,
27 include interest on such claim from and after the Petition Date, other than as permitted under the
28 Bankruptcy Code.

1 **E. Assumption Obligations.** Any monetary amounts payable to the non-
2 debtor party to any executory contract or unexpired lease, pursuant to section 365(b)(1) of the
3 Bankruptcy Code, as a condition to the assumption of such contract or lease.

4 **F. Avoidance Actions.** All causes of action of the Estates under sections
5 506(c), 506(d), 510, 542, 543, 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code,
6 whether or not such actions seek an affirmative recovery or are raised as a defense to, or offset
7 against, the allowance of a Claim.

8 **G. Bankruptcy Case(s).** The case(s) under Chapter 11 of the Bankruptcy
9 Code in which each Debtor is a debtor and debtor-in-possession, currently pending before the
10 Bankruptcy Court. Bankruptcy Code. Title 11 of the United States Code, 11 U.S.C. §§ 101-1532,
11 as amended from time to time and as applicable to the Bankruptcy Cases.

12 **H. Bankruptcy Court.** The United States Bankruptcy Court for the Central
13 District of California, having jurisdiction over the Bankruptcy Cases.

14 **I. Bankruptcy Rules.** Collectively, the Federal Rules of Bankruptcy
15 Procedure as promulgated under 28 U.S.C. § 2075 and any Local Rules of the Bankruptcy Court,
16 as applicable to the Bankruptcy Cases.

17 **J. Bar Date.** May 13, 2011 with respect to the all the Debtors other than
18 International, and June 15, 2010 only with respect to International, which was the date or dates
19 fixed by the Bankruptcy Court by which all Persons (except holders of Claims that appear in the
20 Schedules and are **not** scheduled as disputed, contingent or unliquidated) asserting a Claim against
21 the Debtors (except Administrative Claims) were required to file a proof of claim or be forever
22 barred from asserting a Claim against the Debtors or their property, voting on the Plan, and
23 sharing in distributions under the Plan.

24 **K. Bidding Procedures.** The bidding procedures governing the Investment
25 Banking Process, as specified in Section V(B)(3) of the Disclosure Statement.

26 **L. Business Day.** Any other day than a Saturday, Sunday, or legal holiday, as
27 defined in Bankruptcy Rule 9006(a).

28

1 **M. Cash.** Currency, checks drawn on a bank insured by the Federal Deposit
2 Insurance Corporation, certified checks, money orders, negotiable instruments, and wire transfers
3 of immediately available funds.

4 **N. Causes of Action and Defenses.** Any and all claims, causes of action,
5 cross-claims, counterclaims, third-party claims, indemnity claims, contribution claims, defenses,
6 demands, rights, actions, debts, damages, judgments, remedies, Liens, indemnities, guarantees,
7 suits, obligations, liabilities, accounts, offsets, recoupments, rights of subordination or
8 subrogation, powers, privileges, licenses, and franchises of any kind or character whatsoever,
9 known or unknown, contingent or non-contingent, matured or unmatured, suspected or
10 unsuspected, disputed or undisputed, foreseen or unforeseen, direct or indirect, choate or inchoate,
11 whether arising before, on or after the Petition Date(s), including through the Effective Date, in
12 contract or in tort, in law or in equity, or pursuant to any other theory of law. "Causes of Action"
13 shall include, but not be limited to: (a) all rights of setoff, counterclaim, or recoupment and claims
14 on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to
15 Claims; (c) all claims pursuant to sections 362 of the Bankruptcy Code, and (d) such claims and
16 defenses as fraud, mistake, duress, and usury and any other defenses set forth in section 558 of the
17 Bankruptcy Code, provided, however, "Causes of Action" shall not include Avoidance Actions.

18 **O. Charter Documents.** The articles or certificate of incorporation and the
19 bylaws of a company, as applicable, and any amendments to the foregoing.

20 **P. Claim.** A claim as defined in section 101(5) of the Bankruptcy Code,
21 including, without limitation: (a) any right to payment, whether or not such right is reduced to
22 judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed,
23 legal, equitable, secured, or unsecured, arising at any time before the Effective Date; or (b) any
24 right to an equitable remedy arising at any time before the Effective Date for breach of
25 performance if such breach gives rise to a right to payment, whether or not such right to an
26 equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed,
27 undisputed, secured, or unsecured.

28

1 **Q. Claim Objection Deadline.** The last day by which the Debtors may file
2 objections to Claims, which day shall be the latest of (a) fifteen (15) days after the Effective Date,
3 (b) 60 days after the filing of a proof of claim for, or request for payment of, such Claim, or (c)
4 such other date as the Bankruptcy Court may order. The filing of a motion to extend the Claims
5 Objection Deadline by any party shall automatically extend the Claims Objection Deadline until a
6 Final Order is entered on such motion. In the event that such motion to extend the Claims
7 Objection Deadline is denied by the Bankruptcy Court, or approved by the Bankruptcy Court and
8 reversed on appeal, the Claims Objection Deadline shall be the later of the then current Claims
9 Objection Deadline (as previously extended, if applicable) or 28 days after entry of a Final Order
10 denying the motion to extend the Claims Objection Deadline.

11 **R. Class.** A category of holders of Claims or Interests which are substantially
12 similar in nature to the Claims or Interests of other holders placed in such category, as summarized
13 in Article II of this Plan.

14 **S. Committee.** The Official Committee of Unsecured Creditors, appointed by
15 the United States Trustee in the Debtors' Bankruptcy Cases in accordance with section 1102(a)(1)
16 of the Bankruptcy Code, as it may be reconstituted from time to time.

17 **T. Confirmation.** Entry of the Confirmation Order by the Bankruptcy Court.

18 **U. Confirmation Date.** The date on which the Bankruptcy Court enters the
19 Confirmation Order.

20 **V. Confirmation Hearing.** The hearing or hearings to consider confirmation
21 of the Plan under section 1129 of the Bankruptcy Code, as such hearing(s) may be adjourned from
22 time to time.

23 **W. Confirmation Order.** The order of the Bankruptcy Court confirming the
24 Plan.

25 **X. Contingent Claim.** Any Claim for which a proof of Claim has been filed
26 with the Bankruptcy Court which (a) has not accrued and is dependent on a future event that has
27 not occurred and may never occur, and (b) has not been Allowed.

28

1 **Y. Creditor.** Has the meaning set forth in section 101(10) of the Bankruptcy
2 Code.

3 **Z. Debtors.** Has the meaning specified in Article I of this Plan. To the extent
4 that the context requires any reference to the Debtors after the Effective Date, "Debtors" shall
5 mean the "Reorganized Debtors," as applicable.

6 **AA. DIP Loan.** That certain loan between MMFX Technologies Corporation,
7 MMFX Steel Corporation of America, and Fasteel Corporation as Borrowers and Lindsey
8 Davidson, as Trustee of the Lindsey Davidson Trust dated April 28, 2009 as Lender, which was
9 approved pursuant to the Final Order Approving Debtors' Emergency Motion for Interim and Final
10 Order (1) Authorizing Post-Petition Financing and Granting Liens and Super-Priority Claims, and
11 (II) Providing Related Relief dated March 2, 2011 [Docket No. 228].

12 **BB. DIP Loan Claim.** A Claim for repayment of the DIP Loan.

13 **CC. Disclosure Statement.** The disclosure statement relating to the Plan
14 including, without limitation, all exhibits and schedules to such disclosure statement, in the form
15 approved by the Bankruptcy Court under section 1125 of the Bankruptcy Code and Bankruptcy
16 Rule 3017.

17 **DD. Disclosure Statement Approval Order.** Order Approving Disclosure
18 Statement and Fixing Time for Filing Acceptances or Rejections of Plan entered by the
19 Bankruptcy Court on June 7, 2011.

20 **EE. Disputed.** With respect to Claims, means any Claim that is not an Allowed
21 Claim or Estimated Claim. The term "Disputed," when used to modify a reference in the Plan to
22 any Claim, Interest, Class of Claims or Class of Interests, means a Claim or Interest (or any Claim
23 or Interest in any such Class) that is so disputed.

24 **FF. Distribution Reserve.** The reserve created pursuant to Section VI(C)(5)(a)
25 of the Plan to hold property for distribution to holders of General Unsecured Claims pending
26 resolution of Disputed Claims.

27 **GG. Effective Date.** The date upon which this Plan becomes effective. The
28 "Effective Date" shall occur on the first Business Day following the first day upon which all of the

1 conditions to the occurrence of the Effective Date (as set forth in Section VIII(B) of the Plan) have
2 been satisfied or waived in accordance with the Plan. The Effective Date shall occur no earlier
3 than the first day following the Confirmation Date.

4 **HH. Equity Interests.** Any equity security of any Debtor within the meaning of
5 section 101(16) of the Bankruptcy Code, including, without limitation, all issued, unissued,
6 authorized or outstanding shares of stock or other equity interests (including common and
7 preferred), together with any warrants, options, convertible securities, liquidating preferred
8 securities or contractual rights to purchase or acquire such equity interests at any time and all
9 rights arising with respect thereto.

10 **II. Estate.** The estate of each Debtor created in its respective Bankruptcy Case
11 in accordance with section 541 of the Bankruptcy Code or otherwise.

12 **JJ. Estate Assets.** All of the property of each Estate of each Debtor under
13 section 541 of the Bankruptcy Code.

14 **KK. Estimated.** With respect to Claims, means any Claim that has been
15 estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or by
16 agreement of the applicable Debtors and the holder of such Claim. The term "Estimated," when
17 used to modify a reference in the Plan to any Claim, Interest, Class of Claims or Class of Interests,
18 means a Claim or Interest (or any Claim or Interest in any such Class) that is so estimated.

19 **LL. Exit Facility.** Under Scenario B, the greater of (a) \$3.6 million; or (b) (i)
20 an amount sufficient to pay the Allowed DIP Loan Claim, all Allowed Secured Claims and
21 Administrative Claims in full and (ii) an additional \$1 million to be made available for distribution
22 to Holders of Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims and Allowed
23 General Unsecured Claims; to be paid upon the Effective Date by Fourth Third and Investment
24 Funding or a party designated by Fourth Third and Investment Funding, in their sole discretion.
25 The specific terms of the Exit Facility will be set forth in the Plan Supplement. In addition to the
26 Exit Facility, Fourth Third and Investment Funding are required to fund all Allowed
27 Administrative, Secured, Priority Tax, Priority Non-Tax Claims of International in full plus an
28 amount necessary to ensure that Allowed Rejection Damages Claims of Fasteel, Steel Corp.,

1 International, and Technologies and Allowed General Unsecured Claims of International receive
2 the same Pro Rata treatment as Allowed General Unsecured Claims of the other Debtors.

3 **MM. Fasteel.** Has the meaning set forth in Article I of this Plan.

4 **NN. Final Distribution Date.** The day selected by the Reorganized Debtors in
5 their sole discretion that is after the Initial Distribution Date and is no earlier than twenty-eight
6 (28) calendar days after the date on which all Disputed Claims have become Allowed Claims or
7 have been disallowed.

8 **OO. Final Order.** A "Final Order" means (i) an order of the Bankruptcy Court
9 as to which the time to appeal, petition for certiorari or motion for re-argument or rehearing has
10 expired and as to which no appeal, petition for certiorari or other proceedings or motion for re-
11 argument or rehearing shall then be pending, or (ii) if an appeal, writ of certiorari, motion for re-
12 argument or rehearing thereof has been filed or sought, such order of the Bankruptcy Court shall
13 not have been stayed.

14 **PP. Fourth Third.** Has the meaning specified in Article I of the Plan.

15 **QQ. Fourth Third Discounted Payoff.** \$45.5 million provided that such
16 amounts are received on or before August 5, 2011.

17 **RR. Fourth Third Indebtedness.** The Debtors' indebtedness to Fourth Third in
18 the amount of \$52,562,436, pursuant to that certain Credit Agreement, dated as of May 30, 2008,
19 by and among Fourth Third, on the one part, and ST Equipment Inc., ST Welland Real Estate,
20 Inc., MMFX Steel of Canada Inc., the Debtors, and MMFX Canadian Holdings, Inc., on the other
21 part, as amended from time to time.

22 **SS. General Unsecured Claim.** Any Claim against any Debtor that is not (a)
23 an Administrative Claim, (b) a Priority Tax Claim, (c) a Priority Non-Tax Claim, (d) a Secured
24 Claim, (e) a General Unsecured Rejection Damages Claim or (f) Claims or Interests in another
25 Class (as specified in Article II of this Plan).

26 **TT. General Unsecured Creditor Recovery.** 100% payment to Holders of
27 Allowed General Unsecured Claims consisting of eighty-five percent (85%) payable on the
28

1 Effective Date and fifteen percent (15%) payable on the one year anniversary of the Effective Date
2 plus interest at the federal judgment rate.

3 **UU. General Unsecured Rejection Damages Claim.** A General Unsecured
4 Claim arising from the Debtor's rejection of an executory contract or unexpired lease as provided
5 for in section 365 of the Bankruptcy Code.

6 **VV. Holder.** With respect to a Claim or Interest, the holder of such Claim or
7 Interest.

8 **WW. Insider.** Has the meaning set forth in section 101(31) of the Bankruptcy
9 Code.

10 **XX. Intercompany Claim.** A Claim held by any of the Debtors against another
11 Debtor, whether or not a proof of Claim is filed or deemed filed pursuant to section 501 of the
12 Bankruptcy Code in either of the Bankruptcy Cases.

13 **YY. International.** Has the meaning specified in Article I of this Plan.

14 **ZZ. Investment Banking Process.** Has the meaning specified in Article I of
15 this Plan.

16 **AAA. Investment Funding.** Has the meaning specified in Article I of this Plan.

17 **BBB. Investment Funding Discounted Payoff.** \$8.5 million provided that such
18 amounts are received on or before August 5, 2011.

19 **CCC. Investment Funding Indebtedness.** The indebtedness by Technologies to
20 Investment Funding, Inc. in the amount of \$11,199,782.34, pursuant to that certain 8%
21 Convertible Secured Note, dated May 9, 2006, in favor of Investment Funding, by Technologies,
22 in the stated principal amount of \$5,000,000, as amended from time to time.

23 **DDD. IRS.** The Internal Revenue Service.

24 **EEE. Lien.** A lien as defined in section 101(37) of the Bankruptcy Code, but not
25 including a lien to the extent that it has been avoided in accordance with sections 506(d), 510, 544,
26 545, 546, 547, 548, 553, or 549 of the Bankruptcy Code.

27 **FFF. Management Incentive Plan.** Has the meaning specified in Section
28 V(D)(3) of the Plan.

1 **GGG. New Common Interests.** The shares of common stock, no par value, of
2 Reorganized Debtors to be authorized pursuant to the Reorganized Debtor Charter Documents.

3 **HHH. Permitted Payment.** A payment on account of an obligation arising prior
4 to the Petition Date made by the Debtors during the Bankruptcy Cases with the permission of the
5 Bankruptcy Court.

6 **III. Person.** Any individual, corporation, partnership, joint venture,
7 association, joint-stock company, trust, unincorporated association or organization, or other
8 "person" as defined in Bankruptcy Code § 101, as well as any governmental agency, governmental
9 unit or associated political subdivision.

10 **JJJ. Petition Date.** January 5, 2010, December 13, 2010 or December 14, 2010,
11 as applicable, which are the dates when the Debtors commenced their voluntary Bankruptcy
12 Cases.

13 **KKK. Plan.** This Chapter 11 plan of reorganization, either in its present form or
14 as it may be amended, supplemented or modified from time to time, including all of its annexed
15 exhibits and schedules.

16 **LLL. Plan Supplement.** A compilation of documents and forms of documents,
17 schedules and exhibits to the Plan, including any exhibits to the Plan that are not filed
18 contemporaneously with the filing of the Plan and any amendments to exhibits filed
19 contemporaneously with the filing of the Plan. The Debtors shall file and serve on parties in
20 interest the Plan Supplement no later than fourteen (14) days prior to the Voting Deadline.

21 **MMM. Post-Effective Date Charter Documents.** The respective Charter
22 Documents of the Reorganized Debtors.

23 **NNN. Priority Non-Tax Claim.** A Claim (or portion of such Claim) against any
24 Debtor entitled to priority under sections 507(a)(3), (a)(4), (a)(5) or (a)(7) of the Bankruptcy Code.

25 **OOO. Priority Tax Claim.** A Claim (or portion of such Claim) of a
26 governmental unit entitled to priority under section 507(a)(8) of the Bankruptcy Code.

27 **PPP. Pro Rata.** With respect to Claims within the same Class or sub-Class, the
28 proportion that the Claim bears to the sum of all Claims within such Class or sub-Class.

1 **QQQ. Proceeds.** All Cash, interest, profits, dividends, proceeds, products, and
2 rents earned, accrued, collected, derived, received or recovered on account of the liquidation, sale,
3 transfer, enforcement or other disposition of property, including all "proceeds" as defined under
4 section 9102(a)(64) of the California Uniform Commercial Code.

5 **RRR. Professional.** Each Person: (a) employed in accordance with an order of
6 the Bankruptcy Court under sections 327 or 1103 of the Bankruptcy Code and to be compensated
7 for services under sections 327, 328, 329, 330, 331 and 504 of the Bankruptcy Code, or (b) for
8 which compensation or reimbursement is requested under section 503(b)(2)-(b)(6) of the
9 Bankruptcy Code.

10 **SSS. Professional Fee.** A Claim by a Professional for compensation for services
11 rendered and reimbursement for expenses submitted in accordance with sections 330, 331, or
12 503(b) of the Bankruptcy Code for fees and expenses incurred after the Petition Date and prior to
13 and including the Effective Date.

14 **TTT. Professional Fee Reserve.** The reserve created pursuant to Section
15 VI(C)(5)(b) of the Plan to hold property for distribution to Professionals on account of
16 Professional Fees.

17 **UUU. Professional Fees Bar Date.** The sixtieth (60th) day after the Effective
18 Date, by which date any Professional seeking an award of Professional Fees must have filed an
19 application with the Bankruptcy Court under section 330(a) of the Bankruptcy Code, or be forever
20 barred from an award of Professional Fees against the Debtors and/or sharing in any distribution
21 under the Plan.

22 **VVV. Proponents.** Collectively, the Debtors, Fourth Third, Investment Funding,
23 and the Committee, in their capacity as proponents of this Plan.

24 **WWW. Qualified Bidder.** Has the meaning specified in Section V(B)(3)(b) of the
25 Disclosure Statement.

26 **XXX. Reimbursement Cap.** Has the meaning specified in Section
27 V(B)(3)(a)(i)(C) of the Disclosure Statement.

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1 **YYY. Rejection Claim Bar Date.** The thirtieth (30th) day after the Effective
2 Date, by which date any Person asserting a Claim for damages arising from the rejection of an
3 executory contract or unexpired lease under this Plan must have filed a proof of Claim with the
4 Bankruptcy Court under section 502(g) of the Bankruptcy Code, or be forever barred from
5 asserting such Claim against the Debtors and sharing in any distribution under the Plan.

6 **ZZZ. Released Parties.** The Committee, Fourth Third and Investment Funding,
7 their members (including the Committee members in their capacity as Committee members) and
8 their respective current and former managers, officers, directors, employees, agents, stockholders,
9 managers, affiliates, partners, advisors and professionals, and the Debtors' former and current
10 managers, directors, officers, employees, agents, and professionals.

11 **AAAA. Reorganized Debtors.** The Debtors from and after the Effective Date.

12 **BBBB. Scenario A.** The classification and treatment of Claims and Interests under
13 this Plan in the event the Debtors have secured a Successful Bid by the Confirmation Hearing, as
14 specified in Article IV of the Plan.

15 **CCCC. Scenario B.** The classification and treatment of Claims and Interests under
16 this Plan in the event the Debtors have not secured a Successful Bid by the Confirmation Hearing,
17 as specified in Article IV of the Plan.

18 **DDDD. Schedules.** The schedules of assets and liabilities, the list of holders of
19 Interests, and the statements of financial affairs filed by the Debtors in the Bankruptcy Cases,
20 under section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such schedules, lists, and
21 statements may have been or may be supplemented or amended from time to time.

22 **EEEE. SEC.** The Securities and Exchange Commission.

23 **FFFF. Secured Claim.** A Claim against any Debtor secured by a valid, perfected
24 and enforceable Lien that is not subject to avoidance under bankruptcy or non-bankruptcy law,
25 equal to the lesser of: (a) the Allowed amount of such Claim; or (b) the value, as determined by
26 the Bankruptcy Court pursuant to sections 506(a) and 1129(b) of the Bankruptcy Code and
27 Bankruptcy Rule 3012, of: (i) the interest of the holder of such Claim in the property of the Debtor
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1 securing such Claim, or (ii) the amount subject to setoff under section 553 of the Bankruptcy
2 Code.

3 **GGGG. Securities Act.** The Securities Act of 1933, 15 U.S.C. §§ 77a - 77aa, as
4 now in effect or hereafter amended, or any similar federal, state, or local law.

5 **HHHH. Shareholder Agreement.** The shareholders agreement (or similar
6 agreement) governing the terms and restrictions of the New Common Interests, the terms of which
7 shall be acceptable to Fourth Third and Investment Funding.

8 **III. Steel Corp.** Has the meaning set forth in Article I of this Plan.

9 **JJJJ. Subordinated Claim.** All claims subject to subordination under
10 Bankruptcy Code § 510 or subordinated pursuant to agreement.

11 **KKKK. Successful Bid.** Has the meaning specified in Section V(B)(3)(e) of the
12 Disclosure Statement.

13 **LLLL. Successful Bidder.** The Person that submits the Successful Bid.

14 **MMMM. Tax Code.** Internal Revenue Code of 1986, as amended.

15 **NNNN. Technologies.** Has the meaning set forth in Article I of this Plan.

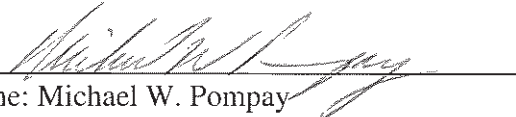
16 **OOOO. Treasury Regulations.** Regulations promulgated under the Tax Code..

17 **PPPP. U.S. Trustee.** Office of the United States Trustee for the Central District of
18 California.

19 **QQQQ. Voting Deadline.** July 8, 2011 at 4:00 P.M. prevailing Pacific Time, the
20 date ordered by the Bankruptcy Court to serve as the voting deadline for submission of ballots in
21 respect of the Plan.

22 Dated: June 7, 2011

MMFX TECHNOLOGIES CORPORATION,
FASTEEL CORPORATION, MMFX STEEL
CORPORATION OF AMERICA, AND MMFX
INTERNATIONAL HOLDINGS, INC.

25 By: 
26 Name: Michael W. Pompay
27 Title: President & Corporate Secretary

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Dated: June 7, 2011

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS

By: Munnia VanDenheuve
Name: Munnia VanDenheuve
Title: Chair / A/R Credit Manager

[Signatures continued]

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Dated: June 7, 2011

INVESTMENT FUNDING, INC.

By: _____
Name: _____
Title: _____

Dated: June 7, 2011

FOURTH THIRD LLC

By: _____
Name: _____
Title: _____