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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

USI Senior Holdings, Inc., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 09-11150 (MFW)
)
) Jointly Administered
)

**AMENDED DISCLOSURE STATEMENT WITH RESPECT TO THE AMENDED
JOINT CHAPTER 11 PLAN OF REORGANIZATION DATED AS OF MAY 18, 2009**

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Dated: May 18, 2009

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: USI Senior Holdings, Inc. (1964); United Subcontractors, Inc. (2162); USI Intermediate Holdings, Inc. (2073); San Gabriel Insulation, Inc. (8715); Construction Services & Consultants, Inc. (8848); and Tabor Insulation, Inc. (8179).



DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION DATED MAY 18, 2009 FILED BY USI SENIOR HOLDINGS, INC.; UNITED SUBCONTRACTORS, INC.; USI INTERMEDIATE HOLDINGS, INC.; SAN GABRIEL INSULATION, INC.; CONSTRUCTION SERVICES & CONSULTANTS, INC.; AND TABOR INSULATION, INC., DEBTORS AND DEBTORS IN POSSESSION, (AS MAY BE AMENDED FURTHER IN ACCORDANCE WITH THE TERMS THEREOF AND APPLICABLE LAW, THE "PLAN"). THE INFORMATION CONTAINED HEREIN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN AND THE PLAN SUPPLEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN SHALL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF ANY OF THE DEBTORS AND DEBTORS IN POSSESSION IN THESE CASES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE

CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN ANY OF THE DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CASES.

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I. INTRODUCTION

The debtors and debtors in possession in the above-referenced chapter 11 cases (these “Chapter 11 Cases”) are the following related companies (collectively, the “Debtors” or the “Company”):

USI Senior Holdings, Inc.;
United Subcontractors, Inc.;
USI Intermediate Holdings, Inc.;
San Gabriel Insulation, Inc.;
Construction Services & Consultants, Inc.; and
Tabor Insulation, Inc.

The Debtors submit this disclosure statement (as may be amended, the “Disclosure Statement”) pursuant to section 1125 of title 11 of the United States Code (the “Bankruptcy Code”) for use in the solicitation of votes on the Amended Joint Chapter 11 Plan of Reorganization Dated as of May 18, 2009 (as may be amended, the “Plan”). A copy of the Plan is attached hereto as Appendix A. Each capitalized term used in this Disclosure Statement but not otherwise defined herein has the meaning ascribed to such term in the Plan. In addition, all references in this Disclosure Statement to monetary figures refer to United States currency, unless otherwise expressly provided.

This Disclosure Statement sets forth certain information regarding the Debtors’ prepetition operating and financial history, their reasons for seeking protection and reorganization under chapter 11, significant events that have occurred during the Chapter 11 Cases, and the anticipated organization, operations and financing of the Debtors upon successful emergence from chapter 11. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan and the securities to be issued under the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Claims entitled to vote on the Plan must follow for their votes to be counted.

By order entered on or about May ____, 2009, the Bankruptcy Court has approved this Disclosure Statement as containing “adequate information,” in accordance with section 1125 of the Bankruptcy Code, to enable a hypothetical, reasonable investor typical of Holders of Claims against the Debtors to make an informed judgment as to whether to accept or reject the Plan, and has authorized its use in connection with the solicitation of votes with respect to the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.** No solicitation of votes may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. In voting on the Plan, Holders of Claims entitled to vote should not rely on any information relating to the Debtors and their businesses, other than that contained in this Disclosure Statement, the Plan, the Plan Supplement and all exhibits and appendices hereto and thereto.

Pursuant to the provisions of the Bankruptcy Code, only classes of Claims or Interests that are (a) “impaired” by a plan of reorganization and (b) entitled to receive a

distribution under such plan are entitled to vote on the plan. In the Debtors' cases, only Claims in Classes 5, 6 and 7 are Impaired by and entitled to receive a distribution under the Plan; accordingly, only the Holders of Claims in those Classes are entitled to vote to accept or reject the Plan. Claims and Interests in Classes 1, 2, 3 and 4 are Unimpaired by the Plan; accordingly, the Holders thereof are conclusively presumed to have accepted the Plan. Interests in Class 8 and Claims in Class 9, which receive nothing under the Plan, are deemed to have rejected the Plan and the Holders of Interests in Class 8 and Claims in Class 9 are not entitled to vote.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PLAN, PLEASE SEE ARTICLE VI OF THIS DISCLOSURE STATEMENT, ENTITLED "SUMMARY OF THE PLAN OF REORGANIZATION," AND ARTICLE VII OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED."

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS THAT HAVE OCCURRED IN THE CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE SUMMARIES OF THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS AND TO THE EXTENT THEY MAY CHANGE AS PERMITTED BY THE PLAN AND APPLICABLE LAW. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

NOTHING CONTAINED HEREIN SHALL BE DEEMED TO CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF CLAIMS OR INTERESTS. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS RESPECTING TAX, SECURITIES OR OTHER LEGAL CONSEQUENCES OF THE PLAN.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. EXCEPT WITH RESPECT TO THE *PRO FORMA* FINANCIAL PROJECTIONS SET FORTH IN APPENDIX B ANNEXED HERETO (THE "PROJECTIONS") AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS DO NOT UNDERTAKE ANY

OBLIGATION TO, AND DO NOT INTEND TO, UPDATE THE PROJECTIONS; THUS, THE PROJECTIONS WILL NOT REFLECT THE IMPACT OF ANY SUBSEQUENT EVENTS NOT ALREADY ACCOUNTED FOR IN THE ASSUMPTIONS UNDERLYING THE PROJECTIONS. FURTHER, THE DEBTORS DO NOT ANTICIPATE THAT ANY AMENDMENTS OR SUPPLEMENTS TO THIS DISCLOSURE STATEMENT WILL BE DISTRIBUTED TO REFLECT SUCH OCCURRENCES. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. MOREOVER, THE PROJECTIONS ARE BASED ON ASSUMPTIONS THAT, ALTHOUGH BELIEVED TO BE REASONABLE BY THE DEBTORS, MAY DIFFER FROM ACTUAL RESULTS.

THE DEBTORS BELIEVE THAT THE PLAN WILL ENABLE THE DEBTORS TO SUCCESSFULLY REORGANIZE AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS, THEIR CREDITORS AND THEIR ESTATES. THE PLAN EMBODIES A COMPROMISE AND SETTLEMENT BETWEEN THE DEBTORS, THE CONSENTING FIRST LIEN LENDERS, THE CONSENTING SECOND LIEN LENDERS AND THE ENTITIES THAT HAVE ISSUED AND BACKSTOPPED A LETTER OF CREDIT IN FAVOR OF THE DEBTORS. PURSUANT TO SUCH COMPROMISE AND SETTLEMENT, AND AS SET FORTH IN THE PLAN, (A) IN EXCHANGE FOR AND IN FULL SATISFACTION OF THE FIRST LIEN CREDIT OBLIGATIONS OF APPROXIMATELY \$290 MILLION, THE FIRST LIEN LENDERS WILL RECEIVE (I) A NEW \$22,500,000 SENIOR SECURED NOTE AND (II) NINETY-SIX PERCENT (96%) OF THE NEW COMMON EQUITY OF THE REORGANIZED DEBTORS UPON EMERGENCE FROM CHAPTER 11 (SUBJECT TO DILUTION); (B) IN EXCHANGE FOR AND IN FULL SATISFACTION OF THE SECOND LIEN CREDIT OBLIGATIONS OF APPROXIMATELY \$66.5 MILLION, THE SECOND LIEN LENDERS WILL RECEIVE FOUR PERCENT (4%) OF THE NEW COMMON EQUITY OF THE REORGANIZED DEBTORS UPON EMERGENCE FROM CHAPTER 11 (SUBJECT TO DILUTION); AND (C) UPON THE EFFECTIVE DATE OF THE PLAN, THE DEBTORS WILL RECEIVE A PAYMENT OF \$12 MILLION FROM THE ENTITIES THAT BACKSTOPPED A LETTER OF CREDIT IN FAVOR OF THE DEBTORS. THEREFORE, THE PLAN RESULTS IN A SUBSTANTIAL DELEVERAGING OF THE DEBTORS' BALANCE SHEET. THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN.

II. OVERVIEW OF THE PLAN

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, see Article VI of this Disclosure Statement, entitled "Summary of the Plan of Reorganization."

The Plan provides for the classification and treatment of Claims against and Interests in the Debtors. The Plan designates eight Classes of Claims and one Class of Interests. These Classes take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Interests.

The Plan Support Agreement (and the Term Sheet attached thereto as Exhibit A) that forms the basis of the Plan was negotiated among the Debtors and certain of the First Lien Lenders and certain of the Second Lien Lenders. The Debtors believe that the Plan presents the best means currently available for their emergence from Chapter 11.

A. General Structure of the Plan

The Plan is structured as a joint plan. Subject to the terms and conditions specified in the Plan Support Agreement, at least two-thirds in amount and more than half in number of each of the First Lien Lenders and the Second Lien Lenders will support the Plan and will vote in favor of the Plan; accordingly, it is expected that Classes 5 and 6, each of which is an Impaired Class will vote to accept the Plan. The Chapter 11 Cases were filed to implement a consensual restructuring which is embodied in the Plan in an efficient, expedient and economical fashion, with minimal disruption to the Debtors' ongoing business operations.

As of the Petition Date, the aggregate principal amount of First Lien Secured Claims totaled approximately \$290,099,775. As of the Petition Date, the aggregate principal amount of Second Lien Secured Claims totaled approximately \$66,449,613. As of the Petition Date, the Debtors' unsecured trade debt totaled approximately \$14.2 million (including approximately \$8.6 million of contingent, unliquidated, unmatured actuarial reserves for future workers' compensation, general liability and automobile insurance claims and excluding rejection damage claims).

Under the Plan, Holders of Allowed Class 5 Claims will receive (i) their *pro rata* share of New Senior Secured Notes in an initial principal amount of \$22.5 million and (ii) their *pro rata* share of ninety-six percent (96%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan).

Holders of Allowed Class 6 Claims will receive their *pro rata* share of four percent (4%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan). The Plan also provides a *pro rata* Cash distribution to Holders of Class 7 Rejection Claims of the lesser of (i) \$125,000, or (ii) five percent (5%) of the aggregate amount of all Allowed Rejection Claims.

The following are certain additional material terms of the Plan:

- The Debtors will be reorganized pursuant to the Plan and will continue in operation, achieving the objectives of chapter 11 for the benefit of their creditors, customers, suppliers and employees.
- Holders of Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Miscellaneous Secured Claims, Allowed Miscellaneous Priority Claims, Subsidiary Interests and General Unsecured Claims will be Unimpaired by the Plan or will be paid in full as required by the Bankruptcy Code, unless otherwise agreed by the Holders of such Claims.
- Old USI Holdings Common Stock and Interests will be cancelled and Insider Claims will be extinguished.

B. Summary of Treatment of Claims and Interests under the Plan

The table below summarizes the classification and treatment of the prepetition Claims against and Interests in the Debtors under the Plan. For certain Classes of Claims, estimated percentage recoveries also are set forth below. Estimated percentage recoveries have been calculated based upon a number of assumptions, including (where not Allowed by the Plan) the amount of Allowed Claims in each Class and the estimated value ascribed to the New Senior Secured Notes and the New USI Holdings Common Stock to be issued under the Plan.

For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. Except for Claims Allowed by the Plan, estimated Claim amounts for each Class set forth below are based upon the Debtors' review of their books and records, and include estimates of a number of Claims that are contingent, disputed and/or unliquidated. Accordingly, for these reasons, no representation can be or is being made with respect to whether the estimated percentage recoveries shown in the table below for Classes 5, 6 or 7 will actually be realized by the Holders of Allowed Claims in such Classes.

The Debtors are not able to predict the market value of the New USI Holdings Common Stock as of or after the Effective Date. The market values of securities issued under a plan of reorganization are subject to many unforeseeable circumstances. Such securities may be valued in the marketplace at various prices because of a number of factors, including, but not limited to, those discussed in Article VII.

Type of Claim or Interest	Description and Treatment under Plan
<p>Unclassified — Administrative Claims</p> <p>Estimated Aggregate Allowed Amount: Approximately \$5,000,000</p>	<p>An Administrative Claim is a Claim for (a) any cost or expense of administration (including, without limitation, the fees and expenses of Professionals) of any of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code including, but not limited to (i) any actual and necessary post Petition Date cost or expense of preserving the Debtors' respective Estates or operating the businesses of the Debtors, (ii) any payment to be made under the Plan to cure a default under an assumed executory contract or unexpired lease, (iii) any post Petition Date cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtors in the ordinary course of their respective businesses, (iv) compensation or reimbursement of expenses of Professionals to the extent Allowed by the Bankruptcy Court under sections 330(a) or 331 of the Bankruptcy Code, and (v) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546 of the Bankruptcy Code; (b) any fees or charges assessed against the Debtors' respective Estates under section 1930 of title 28 of the United States Code; and (c) any Allowed administrative claim or superpriority claim granted to the Collateral Trustee pursuant to the Cash Collateral Order.</p> <p>Under the Plan, Administrative Claims are Unimpaired. Unless otherwise provided for herein, each Holder of an Allowed Administrative Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Administrative Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such Administrative Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order; provided, however, that Allowed Administrative Claims representing (i) liabilities, accounts payable or other Claims, or obligations incurred in the ordinary course of business of the Debtors consistent with past practices subsequent to the Petition Date, or (ii) contractual liabilities incurred subsequent to the Petition</p>

Type of Claim or Interest	Description and Treatment under Plan
	<p>Date, whether or not incurred in the ordinary course of business, shall be paid or performed by the Debtors or the Reorganized Debtors in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements relating thereto.</p> <p>Administrative Claims are not classified and are treated as required by the Bankruptcy Code. The Holders of such Claims are not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p>
<p>Unclassified — Priority Tax Claims</p> <p>Estimated Aggregate Allowed Amount: Approximately \$500,000</p>	<p>The Plan defines Priority Tax Claims as any and all Claims accorded priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. Such Priority Tax Claims include Claims of governmental units for taxes owed by the Debtors that are entitled to a certain priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. The taxes entitled to priority are (a) taxes on income or gross receipts that meet the requirements set forth in section 507(a)(8)(A) of the Bankruptcy Code, (b) property taxes meeting the requirements of section 507(a)(8)(B) of the Bankruptcy Code, (c) taxes that were required to be collected or withheld by the Debtors and for which the Debtors are liable in any capacity as described in section 507(a)(8)(C) of the Bankruptcy Code, (d) employment taxes on wages, salaries or commissions that are entitled to priority pursuant to section 507(a)(4) of the Bankruptcy Code, to the extent that such taxes also meet the requirements of section 507(a)(8)(D), (e) excise taxes of the kind specified in section 507(a)(8)(E) of the Bankruptcy Code, (f) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F) of the Bankruptcy Code and (g) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G) of the Bankruptcy Code.</p> <p>Under the Plan, Priority Tax Claims are Unimpaired. Each Holder of an Allowed Priority Tax Claim shall receive, at the option of the Debtors or the Reorganized Debtors, as the case may be, in full satisfaction, settlement, release, extinguishment and discharge of such Priority Tax Claim: (a) the amount of such unpaid Allowed Priority Tax Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Priority Tax</p>

Type of Claim or Interest	Description and Treatment under Plan
	<p>Claim becomes Allowed and (iii) a date agreed to by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such Priority Tax Claim; (b) equal Cash payments from the Reorganized Debtors made on the last Business Day of every three (3) month period following the Effective Date, over a period not exceeding five (5) years after the assessment of the tax on which such Priority Tax Claim is based, totaling the principal amount of such Priority Tax Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate publicly quoted on the Effective Date for obligations backed by the full faith and credit of the United States of America maturing in ninety (90) days; or (c) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Priority Tax Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order. The Debtors or the Reorganized Debtors, as the case may be, shall have the right, in their sole discretion, to prepay at any time, in whole or in part, any Allowed Priority Tax Claim without premium or penalty of any sort or nature.</p> <p>Priority Tax Claims are not classified and are treated as required by the Bankruptcy Code. The Holders of such Claims are not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p>

Type of Claim or Interest	Description and Treatment under Plan
<p>Class 1 — Miscellaneous Secured Claims</p> <p>Estimated Aggregate Allowed Amount: Approximately \$0</p>	<p>Class 1 consists of Miscellaneous Secured Claims, which are any Secured Claim (other than the First Lien Secured Claims and the Second Lien Secured Claims).</p> <p>Under the Plan, Class 1 Miscellaneous Secured Claims are Unimpaired. Each Holder of an Allowed Class 1 Miscellaneous Secured Claim shall receive, in the sole discretion of the Debtors or the Reorganized Debtors, as the case may be, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) Cash equal to the amount of such Allowed Miscellaneous Secured Claim on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Miscellaneous Secured Claim becomes Allowed, and (iii) a date agreed to by the Debtors or the Reorganized Debtors, as the case may be, and the Holder of such Class 1 Miscellaneous Secured Claim; (b) treatment such that such Miscellaneous Secured Claim is Reinstated; (c) the Property securing such Miscellaneous Secured Claim; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.</p> <p>Estimated Percentage Recovery: 100%</p>
<p>Class 2 — Miscellaneous Priority Claims</p> <p>Estimated Aggregate Allowed Amount: Approximately \$3,500,000</p>	<p>Class 2 consists of Miscellaneous Priority Claims, which are Claims against the Debtors entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than Priority Tax Claims or Administrative Claims.</p> <p>Under the Plan, Class 2 Miscellaneous Priority Claims are Unimpaired. Each Holder of an Allowed Class 2 Miscellaneous Priority Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 2 Claim becomes Allowed, and (iii) a date agreed to by the Debtors or the Reorganized Debtors, as the case may be, and the Holder of such Class 2 Miscellaneous Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.</p> <p>Estimated Percentage Recovery: 100%</p>

Type of Claim or Interest	Description and Treatment under Plan
<p>Class 3 — Subsidiary Interests</p>	<p>Class 3 consists of any Debtor's Interests in any other Debtor.</p> <p>Under the Plan, Class 3 Interests are Unimpaired. Each Holder of an Allowed Interest in Class 3 shall retain such Interest and its respective share or shares of common stock of the Subsidiary Debtors representing such Interest, but such Holder shall receive no distribution under the Plan on account of such Interest.</p> <p>Estimated Percentage Recovery: 100%</p>
<p>Class 4 — General Unsecured Claims</p> <p>Estimated Aggregate Allowed Amount: Approximately \$14, 200,000 (including approximately \$8,600,000 million of contingent, unliquidated, unmatured actuarial reserves for future workers' compensation, general liability and automobile insurance claims)</p>	<p>Class 4 consists of General Unsecured Claims, which are all Allowed Claims, but excluding Administrative Claims, Priority Tax Claims, Professional Fee Claims, Miscellaneous Secured Claims, Miscellaneous Priority Claims, First Lien Secured Claims, Second Lien Secured Claims and Rejection Claims.</p> <p>Under the Plan, Class 4 General Unsecured Claims are Unimpaired. Each Holder of an Allowed General Unsecured Claim not satisfied as of the Effective Date of the Plan shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such General Unsecured Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such General Unsecured Claim; (b) treatment such that such General Unsecured Claim is Reinstated; or (c) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.</p> <p>Estimated Percentage Recovery: 100%</p>
<p>Class 5 — First Lien Secured Claims</p> <p>Estimated Aggregate Allowed Amount: Approximately \$290,099,775</p>	<p>Class 5 consists of First Lien Secured Claims, which are the claims of the First Lien Agent and the First Lien Lenders under the First Lien Credit Agreement, including, without limitation, any contingent claims for outstanding letters of credit issued under the First Lien Credit Agreement.</p> <p>Under the Plan, Class 5 First Lien Secured Claims are Impaired. On the Effective Date, the Holders of Allowed</p>

Type of Claim or Interest	Description and Treatment under Plan
	<p>First Lien Secured Claims shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claims, their <i>pro rata</i> share (determined by dividing each such Holder's Allowed First Lien Secured Claim, as the case may be, by the sum of all Allowed First Lien Secured Claims) of (a) ninety-six percent (96%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan), and (b) the New Senior Secured Notes. The number of shares of New USI Holdings Common Stock to be issued to First Lien Lenders and the amount of the New Senior Secured Notes to be allocated to First Lien Lenders shall assume that all First Lien Letters of Credit have been drawn as of the Effective Date. For purposes hereof, "<i>pro rata</i>" shall mean the ratio of (x) the First Lien Lender Secured Claim held by a First Lien Lender, exclusive of Claims of the First Lien Revolving Lenders with respect to First Lien Letters of Credit that are undrawn as of the Effective Date, to (y) the aggregate amount of all First Lien Secured Claims, including Claims with respect to First Lien Letters of Credit, whether or not drawn as of the Effective Date. If any First Lien Letters of Credit remaining outstanding as of the Effective Date are drawn after the Effective Date, the First Lien Revolving Lenders shall receive, with respect to the Claims resulting from such drawing, their <i>pro rata</i> share of the New USI Holdings Common Stock and the New Senior Secured Notes equal to the shares they would have received if such First Lien Letter of Credit were drawn prior to the Effective Date. If any First Lien Letter of Credit remains outstanding and expires, terminates or is returned undrawn, then the First Lien Lenders, other than the First Lien Revolving Lenders, shall receive additional shares of the New USI Holdings Common Stock and New Senior Secured Notes in the amounts they would have received if such First Lien Letter of Credit had expired, terminated or been returned undrawn prior to the Effective Date.</p> <p>Notwithstanding the foregoing, each Holder of an Allowed First Lien Secured Claim shall execute and deliver: (i) the New Shareholder Agreement prior to receiving any New Common Stock and (ii) the New Senior Credit Agreement prior to receiving any portion of New Senior Secured Term Loan. If any such Holder has not executed and</p>

Type of Claim or Interest	Description and Treatment under Plan
	<p>delivered (i) the New Shareholder Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any distribution of the New Common Stock and such Holder's share of the New Common Stock will be distributed pro rata to the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Shareholder Agreement, and (ii) the New Senior Credit Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any portion of the New Senior Secured Term Loan and such Holder's share of the New Senior Secured Term Loan shall be allocated among the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Senior Credit Agreement.</p> <p>Estimated Percentage Recovery: No greater than approximately twenty-five percent (25%)</p>
<p>Class 6 — Second Lien Secured Claims</p> <p>Estimated Aggregate Allowed Amount: Approximately \$66,449,613</p>	<p>Class 6 consists of Second Lien Secured Claims, which are the claims of the Second Lien Agent and the Second Lien Lenders under the Second Lien Credit Agreement.</p> <p>Under the Plan, Class 6 Second Lien Secured Claims are Impaired. On the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Class 6 Second Lien Secured Claim shall receive its <i>pro rata</i> share (determined by dividing such Holder's Allowed Second Lien Secured Claim by the sum of all Allowed Second Lien Secured Claims) of four percent (4%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan).</p> <p>Notwithstanding the foregoing, each Holder of an Allowed Second Lien Secured Claim shall execute and deliver the New Shareholder Agreement prior to receiving any New Common Stock. If any such Holder has not executed and delivered the New Shareholder Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any distribution of the New Common Stock and such Holder's share of the New Common Stock will be distributed pro rata to the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Shareholder Agreement.</p>

Type of Claim or Interest	Description and Treatment under Plan
	<p>Estimated Percentage Recovery: No greater than approximately four percent (4%)</p>
<p>Class 7 — Rejection Claims Estimated Aggregate Allowed Amount: Approximately \$2,000,000</p>	<p>Class 7 consists of Rejection Claims, which are claims of any non-Debtor counterparty to any unexpired leased of nonresidential real property or executory contract arising on account of the rejection of such lease or contract during the administration of these Chapter 11 Cases under section 365 of the Bankruptcy Code.</p> <p>Under the Plan, Class 7 Rejection Claims are Impaired. On the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Class 7 Rejection Claim shall receive its <i>pro rata</i> share (determined by dividing each such Holder's Allowed Rejection Claim, as the case may be, by the sum of all Allowed Rejection Claims) of the lesser of (i) \$125,000, or (ii) five percent (5%) of the aggregate amount of all Allowed Rejection Claims.</p> <p>Estimated Percentage Recovery: 5%</p>
<p>Class 8 — Old USI Holdings Common Stock and Interests</p>	<p>Class 8 consists of Old USI Holdings Common Stock and Interests. Such Interests include, but are not limited to, all authorized, issued and outstanding shares of common stock of, and Interests in, USI Senior Holdings Inc. as of the Petition Date, including, without limitation all issued, outstanding and unexpired options, warrants, conversion, privilege or other legal or contractual rights to acquire shares of Old USI Holdings Common Stock or Interests. Old USI Holdings Common Stock and Interests also includes any contingent, disputed or unliquidated Claims related to or in connection with any of the foregoing.</p> <p>Under the Plan, Class 8 Old USI Holdings Common Stock and Interests are Impaired. Holders of Class 8 Old USI Holdings Common Stock and Interests shall not receive or retain any property under the Plan on account of such Old USI Holdings Common Stock and Interests. On the Effective Date, all Old USI Holdings Common Stock and Interests shall be cancelled.</p> <p>Estimated Percentage Recovery: 0%</p>
<p>Class 9 — Insider Claims</p>	<p>Class 9 consists of Insider Claims, which are claims of Insiders against any of the Debtors, including, without limitation, claims of Wind Point Partners V, L.P. under that</p>

Type of Claim or Interest	Description and Treatment under Plan
	<p>certain Professional Services Agreement with USI dated as of July 14, 2005.</p> <p>Under the Plan, Class 9 Insider Claims are Impaired. Holders of Class 9 Insider Claims shall not receive or retain any property under the Plan on account of such Insider Claims. On the Effective Date, all Insider Claims shall be extinguished.</p> <p>Estimated Percentage Recovery: 0%</p>

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THE DEBTORS AND THUS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN. THE FIRST LIEN AGENT, ON BEHALF OF THE CONSENTING FIRST LIEN LENDERS, AND THE *AD HOC* GROUP OF SECOND LIEN LENDERS ALSO URGE YOU TO VOTE TO ACCEPT THE PLAN.

III. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims and Interests

Approval by the Bankruptcy Court of this Disclosure Statement means that the Bankruptcy Court has found that this Disclosure Statement contains information of a kind and in sufficient and adequate detail to enable Holders of Claims to make an informed judgment whether to accept or reject the Plan.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR THEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF THE PLAN IS APPROVED BY THE REQUISITE VOTE OF HOLDERS OF CLAIMS ENTITLED TO VOTE AND IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, WHETHER OR NOT THEY WERE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS, ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT AND THE PLAN ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN.

No solicitation of votes may be made except after distribution of this Disclosure Statement and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein. No such information will be relied upon in making a determination to vote to accept or reject the Plan.

B. Voting Rights

Pursuant to the provisions of the Bankruptcy Code, only holders of claims in classes that are (a) treated as “impaired” by the plan of reorganization and (b) entitled to receive a distribution under such plan are entitled to vote on the plan. In these Chapter 11 Cases, under the Plan, only Holders of Claims in Classes 5, 6 and 7 are entitled to vote on the Plan. Claims and Interests in other Classes are either (i) Unimpaired and their Holders are deemed to have accepted the Plan, or (ii) receiving no distributions under the Plan and their Holders are deemed to have rejected the Plan.

Only Holders of Allowed Claims in the voting Classes are entitled to vote on the Plan. A Claim that is unliquidated, contingent or disputed is not an Allowed Claim, and is thus not entitled to vote, unless and until the amount is estimated or determined, or the dispute is determined, resolved or adjudicated in the Bankruptcy Court or another court of competent jurisdiction, or pursuant to agreement with the Debtors. However, the Bankruptcy Court may deem a contingent, unliquidated or disputed Claim to be Allowed on a provisional basis, for purposes only of voting on the Plan.

Holders of Allowed Claims in the voting Classes may vote on the Plan only if they are Holders as of the Distribution Record Date, which Distribution Record Date is May 21, 2009.

C. Solicitation Materials

In soliciting votes for the Plan pursuant to this Disclosure Statement, the Debtors, through their voting agent Kurtzman Carson Consultants LLC (the “Voting Agent” or “KCC”), will send to Holders of Claims who are entitled to vote copies of (a) the Disclosure Statement and Plan, (b) the notice of, among other things, (i) the date, time and place of the hearing to consider confirmation of the Plan and related matters and (ii) the deadline for filing objections to confirmation of the Plan (the “Confirmation Hearing Notice”), (c) one or more ballots (and return envelopes) to be used in voting to accept or to reject the Plan and (d) other materials as authorized by the Bankruptcy Court.

If you are the Holder of a Claim that is entitled to vote, but you did not receive a ballot, or if your ballot is damaged or illegible, or if you have any questions concerning voting procedures, you may contact the following:

If by regular mail, overnight courier or hand delivery:

USI BALLOTS PROCESSING CENTER
C/O KURTZMAN CARSON CONSULTANTS LLC
2335 ALASKA AVENUE
EL SEGUNDO, CA 90245

If by telephone, for U.S. callers only:

USI BALLOTS PROCESSING CENTER
(866) 381-9100

If by telephone, for international callers:

USI BALLOTS PROCESSING CENTER
(310) 823-9000

D. Voting Procedures, Ballots and Voting Deadline

After reviewing the Plan and this Disclosure Statement, you are asked to indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the accompanying ballot. You should complete and sign your original ballot (copies will not be accepted) and return it in the envelope provided.

Each ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded ballot or ballots sent to you with this Disclosure Statement.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN JUNE 19, 2009, AT 5:00 P.M. EASTERN TIME (THE "VOTING DEADLINE") BY THE FOLLOWING:

If by regular mail, overnight courier or hand delivery:

USI BALLOTS PROCESSING CENTER
C/O KURTZMAN CARSON CONSULTANTS LLC
2335 ALASKA AVENUE
EL SEGUNDO, CA 90245

If by telephone, for U.S. callers only:

USI BALLOTS PROCESSING CENTER
(866) 381-9100

If by telephone, for international callers:

USI BALLOTS PROCESSING CENTER
(310) 823-9000

UNLESS OTHERWISE PROVIDED IN THE INSTRUCTIONS ACCOMPANYING THE BALLOTS, FAXED BALLOTS WILL NOT BE ACCEPTED. BALLOTS THAT ARE RECEIVED BUT NOT SIGNED WILL NOT BE COUNTED. BALLOTS THAT ARE SIGNED BUT DO NOT SPECIFY WHETHER THE HOLDER ACCEPTS OR REJECTS THE PLAN WILL BE NULL AND VOID. DO NOT RETURN ANY

STOCK CERTIFICATES, DEBT INSTRUMENTS OR OTHER EVIDENCE OF YOUR CLAIM WITH YOUR BALLOT.

Copies of this Disclosure Statement, the Plan and any appendices and exhibits to such documents are available to be downloaded free of charge on the USI Senior Holdings, Inc., *et al.* case website: www.kccllc.net/usi. If you have any questions about (a) the procedure for voting your Claim, (b) the packet of materials that you have received, or (c) the amount of your Claim, or if you wish to obtain, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), an additional copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact:

If by regular mail, overnight courier or hand delivery:

USI BALLOTS PROCESSING CENTER
C/O KURTZMAN CARSON CONSULTANTS LLC
2335 ALASKA AVENUE
EL SEGUNDO, CA 90245

If by telephone, for U.S. callers only:

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(866) 381-9100

If by telephone, for international callers:

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(310) 823-9000

For further information and general instruction on voting to accept or reject the Plan, see Article XII of this Disclosure Statement and the instructions accompanying your ballot.

THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO EXERCISE THEIR RIGHT BY VOTING IN FAVOR OF THE PLAN AND OTHERWISE COMPLETING THEIR BALLOTS AND RETURNING THEM BY THE VOTING DEADLINE.

E. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled a Confirmation Hearing for June 25, 2009, at 11:00 a.m. prevailing Eastern time. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. Objections to confirmation of the Plan or proposed modifications to the Plan, if any, must (i) be in writing, (ii) conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, (iii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party, (iv) state with particularity the basis and nature of any objection to the Plan and (v) be filed electronically, together with proof of service, with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Third Floor,

Wilmington, Delaware 19801, www.deb.uscourts.gov, and served on the parties listed in the Confirmation Hearing notice, in each case so as to be actually received on or before **4:00 p.m. (prevailing Eastern time) on June 19, 2008**. Objections to Confirmation of the Plan are governed by Bankruptcy Rule 9014.

IV. GENERAL INFORMATION CONCERNING THE DEBTORS

A. Overview of Business Operations

United Subcontractors, Inc. is a wholly-owned indirect subsidiary of USI Senior Holdings, Inc., a Delaware corporation. USI Senior Holdings, Inc. is the ultimate parent of a group of affiliated companies that includes each of the Debtors (collectively, the "Company"). USI Senior Holdings, Inc. is majority owned by Wind Point.

Founded in 1998, the Company is based in Edina, Minnesota, with thirty-six branches located throughout Florida, along the Atlantic coast and in most of the western states. Substantially all of the Company's operations are conducted through Debtor United Subcontractors, Inc. and its direct subsidiaries.

B. Description of the Debtors' Business Operations

The Company is a market leader in the installation of a wide range of residential and commercial products within the construction industry. The Company operates in two main product segments: (a) insulation (*i.e.*, insulation installation and a range of complementary products); and (b) shell contracting (*i.e.*, all labor, materials, supervision and coordination required to transform an empty lot into a complete building shell). The shell contracting division's services include pouring the foundation and concrete slab floor, building exterior walls, constructing the beams and columns, installing structural wood flooring systems, setting roof trusses, laying a plywood roof surface, and rough carpentry of bearing walls or exterior trim. Historically, the Company annually installs products in more than 150,000 homes and buildings. The Company has a non-union workforce of approximately 1,567 employees.

The Company has well-established relationships with many national homebuilders as well as with key regional/local homebuilders and top commercial builders. The Company has served each of its top ten customers for an average of over ten years, which is representative of the Company's long-standing relationships across its entire customer base. The Company works with over 2,500 builders each year and has a customer base that is well diversified on a region-by-region basis. In 2008, no single customer accounted for more than five percent of the Company's revenue and the top ten customers represented less than twenty-five percent of the Company's revenues.

The Company had sales of \$483 million and earnings before interest, taxes, depreciation and amortization ("EBITDA") of \$65 million in 2007. The Debtors had sales of \$345 million and EBITDA of \$25 million in 2008, reflecting the steep and rapid decline in the economy and in the industry in which the Debtors operate.

C. Organizational Structure

USI Senior Holdings, Inc., a Delaware corporation, is a holding company, which owns 100% of USI Intermediate Holdings, Inc., a Utah corporation. USI Intermediate Holdings, Inc. in turn owns 100% of United Subcontractors, Inc., a Utah corporation, the Debtors' primary operating entity. United Subcontractors, Inc. owns 100% of Construction Services &

Consultants, Inc., a Delaware corporation, San Gabriel Insulation, Inc., a Utah corporation, and Tabor Insulation, Inc., a Utah corporation. The corporate structure of the Debtors is reflected in Appendix C.

D. Pre-Confirmation Management and Employees

1. Existing Board of Directors

The Debtors' boards of directors oversee the Debtors' management, review their long-term strategic plans and exercise direct decision making authority in key areas. For information on the post-Effective Date Board of Directors, see Section VII.4 hereof. Set forth below is information with respect to the members of each Debtors' current Board of Directors (each, a "Board" and collectively, the "Boards"):

(a) USI Senior Holdings, Inc., USI Intermediate Holdings, Inc., San Gabriel Insulation, Inc., Tabor Insulation, Inc. and Construction Services & Consultants, Inc.

- *Robert Cummings*
- *Nathan Brown*
- *J. Kevin Gilligan*

(b) United Subcontractors, Inc.

- *Robert Cummings*
- *Nathan Brown*
- *Gary Robinette*
- *Jean-Pierre Rosso*
- *Gary Christensen*
- *J. Kevin Gilligan*
- *Paul Lustig*

The non-employee directors receive compensation in the amount of \$15,000 per year for service on the Boards. Pursuant to certain agreements, the directors were appointed to the Boards by Wind Point and certain of its affiliates.

The Board of USI Senior Holdings, Inc. has two standing committees:

(a) The Audit Committee. The Audit Committee has consisted of each of the directors and is chaired by Nathan Brown. The Audit Committee has been responsible, for among other things, the appointment, compensation, retention and oversight of the independent auditors, reviewing with the management and the independent auditors the Debtors' operating results and resolving any disagreements between the management and the auditors, establishing procedures to handle complaints regarding the Debtors or its accounting, considering the adequacy of the internal accounting and control procedures of the Debtors, and authorizing in advance the audit and non-audit services to be performed by the independent auditors.

(b) The Compensation Committee. The Compensation Committee has consisted of each of the directors and is chaired by Nathan Brown. The Compensation Committee has been responsible for the review and recommendation of compensation

arrangements for directors and officers, for the approval of such arrangements for other senior level employees, and for the administration of certain benefit and compensation plans of the Debtors.

2. Existing Executive Officers

The following are each of the Debtors' current executive officers:

- *Paul J. Lustig, Chief Executive Officer*
- *Timothy J. Gallagher, Chief Financial Officer*
- *Margaret Richter, Director of Human Resources*
- *Ron Jimenez, West Regional Manager*
- *Brian Franco, East Regional Manager*

3. Employees/Labor Relations

As of the Petition Date, the Company employed approximately 1,567 full-time and part-time (twenty (20) hours or less a week) hourly-wage, piece-rate and salaried employees. Approximately 77.4% of the employees are paid on an hourly basis or on a per-task basis and approximately 22.6% of employees are paid a salary. In addition, the Debtors use the services of certain temporary and contract workers. None of the Debtors' employees are unionized.

The following officers and employees of the Debtors are subject to executive employment agreements (which include severance and separation terms):

- *Paul J. Lustig*
- *Timothy J. Gallagher*
- *Ron Jimenez*
- *Brian Franco*
- *Ron Somerville*
- *Margaret Richter-Sward*

4. Existing Compensation and Benefits

The Company has historically provided a competitive compensation and benefit package to its employees, consistent with its belief that the success of its businesses is dependent to a significant extent upon the efforts and abilities of its employees.

(a) *Severance Practices*

Certain of the Company's management and key employees described above are subject to employment agreements containing fixed severance terms. With respect to employees who do not have an employment agreement, the Company historically has awarded an employee severance pay if employment is terminated for reasons such as a reduction in the work force or job elimination. The range of such severance pay for non-management employees is anywhere from none up to eight weeks, generally depending on the branch at which the employee worked. Employees at the corporate office generally receive two weeks of severance benefits for every year of service, up to a maximum period of twelve weeks.

(b) *Bonus Plans*

(1) Branch Managers Incentive Program and Sales Bonuses. In the ordinary course of business, to incentivize certain branch managers and to maximize branch net profits, the Debtors offer a sales-based bonus program (as modified on an annual basis, the “Branch Managers Incentive Program”). Under the Branch Managers Incentive Program, a branch manager can earn bonuses, in addition to base salary, for a specified percentage of the revenue that the Debtors recognize generated by such branch’s net income. Additionally, sales people generally receive a bonus based in part on sales targets applicable to each of them.

Employees under the Branch Manager Incentive Program receive 100% of the earned standard bonus rate on all net profits on either a monthly or quarterly basis.

(2) Annual Management Incentive Program. Approximately 65 employees participate in the annual management incentive target bonus program (as modified on an annual basis, the “Management Incentive Program,” together with the Branch Manager Incentive Programs, the “Incentive Programs”), which is open to employees holding certain management positions including, without limitation, national and regional sales managers, district managers, operations manager, regional controller, and IT director. The Management Incentive Program has been in effect since 2005. It is typical of the incentive programs used by other companies in the Debtors’ industry to incentivize management. The Management Incentive Program is designed to focus the attention of participants on results that are directly tied to the Debtors’ performance and to share in that success by providing financial rewards to selected individuals who make major contributions toward the Debtors’ goals. Individual bonus payments are calculated within the discretion of the Debtors’ Chief Executive Officer based on the following three (3) factors: (a) a percentage of base salary; (b) the Debtors’ overall annual earnings performance compared to the earnings target set at the beginning of each year by the Debtors’ board of directors; and (c) each individual’s performance as recommended by the Debtors’ designated leadership team. The bonus pool available for distribution pursuant to the Management Incentive Program is approved by the Board of Directors of United Subcontractors, Inc. Finally, the Debtors’ top six management personnel (as listed above) hold prepetition employment contracts which provide for annual bonuses.

Upon completion of the Debtors’ financial statements in February of the year following the year in which the Debtors’ and the individual’s performance is reviewed, the Board of Directors reviews the Debtors’ and each eligible bonus participant’s performance to determine the incentive bonus amounts, if any, to be paid to each eligible employee.

In addition, certain members of senior management described above are subject to employment agreements that provide for base salary and discretionary bonus compensation.

(c) *Retirement Plan*

The Company maintains a retirement savings plan meeting the requirements of Section 401(k) of the Internal Revenue Code for the benefit of all full-time employees. Under the terms of the 401(k) Plan, Employees who are at least twenty-one (21) years old and have been employed by the Debtors for at least three (3) months may elect to contribute a portion of their salary or wages to the 401(k) Plan. The 401(k) Plan allows for automatic, pre-tax salary deductions from a participating Employee’s eligible compensation in an aggregate amount equal to or less than the lesser of: (a) fifty percent (50%) of their total compensation; or (b) the annual

limit established under the Internal Revenue Code (*i.e.*, \$16,500 in 2009, plus, when applicable, a \$5,500 catch-up contribution amount for employees over age 50). The Debtors, under certain circumstances, may elect to match or otherwise contribute to the 401(k) Plan for the benefit of the Employee participants in the Plan (in addition to the contributions otherwise made by the Employees). Under the 401(k) Plan, the Debtors' matching contribution is discretionary. The Debtors did not make matching contributions in 2008. Employer matching contributions are subject to a five-year vesting schedule (*i.e.*, twenty percent (20%) of accrued benefits vest each year of work performed by an eligible participant).

(d) *Postconfirmation Compensation and Benefits*

Under the Plan, except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Effective Date, all officer, director or employee compensation and benefit programs of the Debtors entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed under Section 6.01 of the Plan, but only to the extent that rights under such programs are held by the Debtors or Persons who are employees of the Debtors as of the Effective Date, and the Debtors' obligations under such programs to Persons who are employees of the Debtors on the Effective Date shall survive Confirmation of the Plan, except for (a) any officer, director or employee compensation and benefit program that entitled such Persons to acquire any Old USI Holdings Common Stock or Interests, (b) executory contracts or plans specifically rejected pursuant to the Plan, and (c) executory contracts or plans as have previously been rejected, are the subject of a motion to reject, or have been specifically waived by the beneficiaries of any plans or contracts. Notwithstanding any other provision of the Plan, any entitlement to acquire Old USI Holdings Common Stock or Interests held as of the Effective Date by any officer, director or employee of any of the Debtors, whether automatic or contained in a compensation and benefit program, shall be terminated and any resulting Claims shall be Disallowed. Further, future compensation and benefit decisions will be made by the Boards of Directors of the Reorganized Debtors. Depending upon such decisions, there is no assurance that key employees will continue in the employ of the Reorganized Debtors.

E. Pre-Confirmation Capital Structure of the Company

1. Prepetition Equity

USI Senior Holdings' authorized capital stock consists of: (a) 40,000,000 shares of common stock, of which 17,485,875 shares have been issued; and (b) 60,000 shares of preferred stock, of which 231.250 shares have been issued.

2. Prepetition Secured Debt

Debtor United Subcontractors Inc. ("USI") is the borrower under that certain First Amended and Restated First Lien Credit Agreement dated as of May 29, 2008 (the "First Lien Credit Agreement"), pursuant to which Wilmington Trust Company, as collateral and administrative agent, and various lender parties (collectively, the "First Lien Lenders") agreed to provide loans and other financial accommodations to USI (the "First Lien Credit Facility"), of which an aggregate principal amount of approximately \$290,099,775 was outstanding as of the Petition Date (the "First Lien Credit Obligations"). The First Lien Credit Obligations are secured by substantially all of the Debtors' assets. The obligations with respect to the First Lien Secured Claims are treated in Class 5 of the Plan.

USI is also the borrower under that certain Second Amended and Restated Second Lien Credit Agreement dated as of May 29, 2008 (the “Second Lien Credit Agreement”), pursuant to which The Bank of New York, as collateral and administrative agent, and various lender parties (collectively, the “Second Lien Lenders”) agreed to provide loans and other financial accommodations to USI (the “Second Lien Credit Facility”), of which an aggregate principal amount of approximately \$66,449,613 remains outstanding as of the Petition Date (the “Second Lien Credit Obligations”). The other Debtors also guarantied the Second Lien Obligations. The Second Lien Credit Obligations are also secured by substantially all of the Debtors’ assets. The obligations with respect to the Second Lien Secured Claims are treated in Class 6 of the Plan.

F. Summary of Assets

The Debtors filed Schedules with the Bankruptcy Court that detail the assets owned by each of the Debtors. Such assets include cash on hand, bank accounts and investments, security deposits, insurance policies, stock interests, accounts receivable, intellectual property, vehicles, office equipment, furnishings and supplies, machinery, fixtures, equipment and supplies used in business, inventory, and other items of personal property. The Schedules will provide asset values on a net book basis, which are not reflective of actual values. The Schedules may be reviewed on the Bankruptcy Court electronic case filing system, on the Debtors’ case website at www.kccllc.net/usl or during business hours in the offices of the Clerk of the Bankruptcy Court. Information regarding the Debtors’ assets is also available in the Liquidation Analysis attached hereto as Appendix D.

G. Historical Financial Information

Attached as Appendix E is selected financial data for the Debtors for the annual periods ended December 31, 2005 to December 31, 2008. The financial data as of December 31, 2008 has not yet been audited.

H. Events Leading to Commencement of the Chapter 11 Cases

The severe downturn in the United States housing market, together with a confluence of other macroeconomic factors (including, without limitation, lower levels of consumer confidence and national economic growth, tightening credit, high levels of home foreclosures and loan defaults, declining home values and prices, and housing inventory levels at historic highs), have strained the Debtors’ operating performance and financial position over the last year. Competition in the industry has intensified as home builders and their suppliers have cut prices, expanded product offerings and sought new customers. The Debtors’ business, however, remains strong. Indeed, the Debtors’ geographically diverse, decentralized structure, and strong relationships with leading builders in their markets, provides the Debtors with competitive advantages over their competitors.

The Debtors had sales of \$483 million and earnings before interest, taxes, depreciation and amortization (“EBITDA”) of \$65 million in 2007. The Debtors had sales of \$345 million and EBITDA of \$25 million in 2008, reflecting the steep and rapid decline in the economy and in the industry in which the Debtors operate.

I. The Debtors’ Significant Leverage

As the Debtors experienced decreasing revenues, they continued to maintain significant leverage and, as such, attendant high debt costs. As of the Petition Date, the Debtors’

books reflected approximately \$365 million of debt obligations and assets of only approximately \$123 million.

J. Plan Negotiations; Consensual Plan Efforts

Prior to the Petition Date, the Debtors, the Consenting First Lien Lenders, the Consenting Second Lien Lenders and the entities that have issued and backstopped a letter of credit in favor of the Debtors reached an agreement on the terms of a plan of reorganization. That agreement was incorporated into a Restructuring, Settlement and Plan Support Agreement dated March 31, 2009 (the "Plan Support Agreement"). The Plan Support Agreement incorporated a term sheet that set forth the principal terms of the reorganization plan (the "Term Sheet"). The terms of the Plan Support Agreement and Term Sheet, embodied in the Amended Joint Chapter 11 Plan of Reorganization Dated as of May 18, 2009, include the following:

- that Holders of Allowed Class 5 Claims will receive, in exchange for and in full satisfaction of the First Lien Credit Obligations of approximately \$290 million, (a) a new \$22,500,000 senior secured note and (b) ninety-six percent (96%) of the new common equity of the reorganized Debtors upon the Effective Date of the Plan (subject to dilution);
- that Holders of Allowed Class 6 Claims will receive, in exchange for and in full satisfaction of the Second Lien Credit Obligations of approximately \$66.5 million, four percent (4%) of the new common equity of the reorganized Debtors upon the Effective Date of the Plan (subject to dilution);
- that upon the Effective Date of the Plan, the Debtors will receive a payment of \$12 million from the entities that backstopped a letter of credit in favor of the Debtors, the First Lien Lenders and the Second Lien Lenders;
- that Holders of Allowed Class 4 Unsecured Claims shall receive payment in full in cash in the ordinary course of the Debtors' business or upon the Effective Date of the Plan;
- that Holders of Allowed Class 7 Rejection Claims shall receive the lesser of (a) their *pro rata* share of \$125,000 cash or (b) five percent (5%) of their Allowed Claims upon the Effective Date of the Plan.
- that the Consenting First Lien Lenders, the Consenting Second Lien Lenders and the entities that have issued and backstopped a letter of credit in favor of the Debtors will support approval of the Disclosure Statement, and upon receipt of such Bankruptcy Court approval, agree to vote to accept and otherwise support confirmation of the Plan;
- Plan distributions and treatment of secured, administrative, priority and unsecured Claims;
- that the Reorganized Debtors' Senior Management shall be substantially the same as the Company's senior management prior to the Effective Date;
- that the Reorganized Debtors' Board of Directors shall have five (5) members, one of whom will be the Chief Executive Officer of the Debtors and the other four (4) of whom will be appointed by the First Lien Lenders;

- the terms of the New Management Incentive Plan; and
- that the Debtors will assume all existing employment and severance agreements of certain members of Senior Management on and as of the Effective Date (as modified in accordance with the terms of the Plan Support Agreement).

The Debtors intend to use these Chapter 11 Cases to effectuate the restructuring contemplated by the Term Sheet and the Plan Support Agreement. Pursuant to the terms of the Plan, the Debtors propose to de-leverage their balance sheet, address operational issues as necessary and work with their principal stakeholders to return to profitability and to place themselves in a position for future growth.

V. THE CHAPTER 11 CASES

A. Continuation of Business; Stay of Litigation

As described above, on March 31, 2009, the Debtors filed petitions for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have continued to operate as debtors in possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code. The Debtors are authorized to operate their businesses and manage their properties in the ordinary course, with transactions outside of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of the filing of the Debtors' bankruptcy petitions was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of liens against property of the Debtors and the continuation of litigation against the Debtors. The relief provides the Debtors with the "breathing room" necessary to assess and reorganize their businesses and prevents creditors from obtaining an unfair recovery advantage while the reorganization is ongoing.

B. First Day Motions

On the first day of the Chapter 11 Cases, the Debtors filed several applications and motions seeking certain relief by virtue of so-called "first day orders." First day motions and orders are intended to facilitate the transition between a debtor's prepetition and postpetition business operations by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the Bankruptcy Court. The first day motions filed in the Chapter 11 Cases are typical of motions filed in large Chapter 11 cases across the country. Such motions sought, among other things, the following relief:

- joint administration of the Debtors' bankruptcy cases;
- interim use of cash collateral (as further discussed below);
- the maintenance of the Debtors' bank accounts and operation of their cash management systems substantially as such systems existed prior to the Petition Date;
- payment of employees' prepetition compensation, benefits and expense reimbursement amounts;
- payment of prepetition taxes and fee amounts;

- payment of prepetition claims of certain creditors in the ordinary course of business; and
- an extension of the statutory period during which utilities are prohibited from altering, refusing or discontinuing services and/or requiring adequate assurance of payment as a condition of receiving services.

C. Retention of Professionals

The Debtors are represented in the Chapter 11 Cases by Proskauer Rose LLP (“Proskauer”) and Potter Anderson & Corroon LLP (“Potter Anderson”). The Debtors obtained the financial advisory services of Alvarez & Marsal Securities, LLC (“Alvarez & Marsal”). KCC was authorized to provide claims, noticing and balloting services to the Debtors.

D. Authorization to Use Cash Collateral of Existing Lenders

As of the Petition Date, the Debtors held more than \$24 million in cash, all of which constitutes the Prepetition Lenders’ cash collateral. Cash collateral is defined in section 363 of the Bankruptcy Code and includes, but is not limited to, “cash, negotiable instruments, documents of title, securities, deposit accounts, . . . other cash equivalents. . . and . . . proceeds, products, offspring, rents or profits of property subject to a security interest. . .” 11 U.S.C. § 363(a). Under the Bankruptcy Code, the Debtors are prohibited from using, selling or leasing cash collateral unless either the appropriate creditors consent or the Bankruptcy Court, after notice and a hearing, authorizes such action.

On the Petition Date, the Debtors filed the *Motion of the Debtors for Interim and Final Orders (a) Authorizing the Debtors to Use Cash Collateral of Existing Secured Lenders and Granting Adequate Protection for Use and (b) Prescribing Form and Manner of Notice and Setting the Time for the Final Hearing* [Docket No. 9] (the “Cash Collateral Motion”). The terms of the Cash Collateral Motion were agreed upon by the First Lien Agent and the Second Lien Agent.

By the Cash Collateral Motion, the Debtors sought (i) authority on an interim basis to use cash collateral in accordance with a proposed budget, (ii) authority on an interim basis to provide adequate protection to the First Lien Lenders, First Lien Agent, Second Lien Agent and Second Lien Lenders (iii) a final hearing on the Cash Collateral Motion, (iv) authority on a final basis to use cash collateral in accordance with a proposed budget, and (v) authority on a final basis to provide adequate protection to the First Lien Lenders, First Lien Agent, Second Lien Agent and Second Lien Lenders.

On March April 2, 2009, the Court entered the *Interim Order Pursuant to Sections 105, 361, 362 and 363 of the Bankruptcy Code (i) Authorizing the Use of Cash Collateral and Granting Adequate Protection, (ii) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001, and (iii) Granting Related Relief* [Docket No. 24]. By the interim order, the Court authorized the Debtors, among other things, to use cash collateral in accordance with a proposed budget pending a final hearing.

On April 23, 2009, the Court entered the *Final Order Pursuant to Sections 105, 361, 362 and 363 of the Bankruptcy Code (i) Authorizing the Use of Cash Collateral and Granting Adequate Protection and (ii) Granting Related Relief* [Docket No. 67] (the “Cash Collateral Order”). By the Cash Collateral Order, the Court, among other things: (i) authorized

the Debtors to use cash collateral in accordance with a budget approved by the First Lien Agent; (ii) granted the Prepetition Agents and the Prepetition Lenders replacement liens in the Debtors' assets; (iii) granted the First Lien Agent and First Lien Lenders allowed superpriority administrative expense claims which have priority over all other administrative expense claims except for the Carve Out (as defined in the Cash Collateral Order) and other adequate protection, including payment of the First Lien Agent's and First Lien Lenders' reasonable professional fees and expenses (subject to a cap in the case of the First Lien Lenders); (iv) granted the Second Lien Agent and Second Lien Lenders adequate protection, including payment of the Second Lien Agent's and Second Lien Lenders' reasonable professional fees and expenses (subject to a cap); and (iv) established June 1, 2009 as the deadline by which any person or entity may challenge the liens of the Prepetition Agents and the Prepetition Lenders. The terms of the Cash Collateral Motion were agreed upon by the First Lien Agent and the Second Lien Agent.

VI. SUMMARY OF THE PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS, THE REORGANIZED DEBTORS AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

A. Overall Structure of the Plan

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and other stakeholders. Upon the filing of a petition for relief under chapter 11, section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the chapter 11 case.

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes

the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor of or equity security holder in the debtor, whether or not such creditor or equity security holder (a) is impaired under or has accepted the plan or (b) receives or retains any property under the plan. Subject to certain limited exceptions, and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes for such debt the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

The terms of the Plan are based upon, among other things, the Debtors' assessment of their ability to achieve the goals of their business plan, make the distributions contemplated under the Plan and pay their continuing obligations in the ordinary course of their businesses. Under the Plan, Claims against and Interests in the Debtors are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated, (a) the Claims in certain Classes will be Reinstated or modified and receive distributions equal to the full amount of such Claims, (b) the Claims of certain other Classes will be modified and receive distributions constituting a partial recovery on such Claims and (c) the Claims and Interests in certain other Classes will receive no recovery on such Claims or Interests. On the Effective Date and at certain times thereafter, the Reorganized Debtors will distribute Cash, securities and other property in respect of certain Classes of Claims as provided in the Plan. The Classes of Claims against and Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan and the securities and other property to be distributed under the Plan are described below.

B. Substantive Consolidation

The Plan does not provide for the substantive consolidation of the Debtors' assets and liabilities. The Debtors, however, reserve the right to seek substantive consolidation by motion if they conclude that substantive consolidation is necessary or appropriate for effectuation of the Plan.

C. Reorganized Capital Structure Created by Plan

The Plan sets forth the following capital structure for the Reorganized Debtors upon their emergence from Chapter 11:

- The New Senior Secured Notes. The New Senior Secured Notes will be distributed to the First Lien Lenders on the Effective Date, in the aggregate original principal amount of \$22.5 million. The New Senior Secured Notes will mature six (6) years after the Effective Date, at which time all remaining outstanding principal will be due and payable. Interest will be payable quarterly; provided, however, that the Reorganized Debtors may elect to PIK up to twelve (12) quarterly interest payments prior to the stated maturity date. The New Senior Secured Notes will be secured by first priority liens on substantially all of the Debtors' assets.

- The form of the New Senior Secured Notes and the New Senior Secured Loan Documents. These forms will be included in the Plan Supplement.

- The New USI Holdings Common Stock. The New USI Holdings Common Stock will be distributed to the Holders of Allowed Class 5 and Class 6 Claims on the Effective Date, as provided in the Plan (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan).

- Issuance and Distribution of New Securities. The new securities to be issued and distributed pursuant to the Plan to Holders of Allowed Class 5 Claims and Class 6 Claims will be issued in exchange for Allowed Claims in such Classes and will be exempt from registration under applicable securities laws pursuant to section 1145 of the Bankruptcy Code. Without limiting the effect of section 1145 of the Bankruptcy Code, on the Effective Date, Reorganized USI Holdings will enter into the New Registration Rights Agreement with each Person (a) who by virtue of holding New Common Stock and/or its relationship with Reorganized USI Holdings could reasonably be deemed to be an “underwriter” or “affiliate” (as such terms are used within the meaning of applicable securities laws) of Reorganized USI Holdings and (b) who requests in writing that Reorganized USI Holdings execute such agreement.

D. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor’s creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims which, pursuant to section 1123(a)(1), do not need to be classified). The Debtors also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Debtors’ classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors intend, to the extent permitted by the Bankruptcy Code, the Plan and the Bankruptcy Court, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

Except as to Claims specifically Allowed in the Plan, the amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and accordingly the total Claims ultimately Allowed by the Bankruptcy Court with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property that ultimately will be received by a particular Holder of an Allowed Claim under the

Plan may be adversely or favorably affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of Claims and Interests and the nature of distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Debtors' assets. With respect to any Class deemed to reject the Plan and any Class that rejects the Plan, the Debtors will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code as to any dissenting Class. Section 1129(b) of the Bankruptcy Code permits confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all Impaired classes of Claims and Interests. See Section X.F herein. Although the Debtors believe that the Plan can be confirmed under section 1129(b) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

1. Treatment of Unclassified Claims under the Plan

(a) *Administrative Claims*

An Administrative Claim is defined in the Plan as a Claim for (a) any cost or expense of administration (including, without limitation, the fees and expenses of Professionals) of any of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code including, but not limited to (i) any actual and necessary postpetition cost or expense of preserving the Debtors' respective Estates or operating the businesses of the Debtors, (ii) any payment to be made under the Plan to cure a default on an assumed executory contract or unexpired lease, (iii) any postpetition cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtors in the ordinary course of their respective businesses, (iv) compensation or reimbursement of expenses of Professionals to the extent Allowed by the Bankruptcy Court under section 330(a) or section 331 of the Bankruptcy Code, and (v) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c)(1)(B) of the Bankruptcy Code; (b) any fees or charges assessed against the Debtors' respective Estates under section 1930 of title 28 of the United States Code; and (c) any Allowed administrative claim or superpriority claim granted to the Collateral Trustee pursuant to the Cash Collateral Order.

Under the Plan, Administrative Claims are Unimpaired. Unless otherwise provided for, each Holder of an Allowed Administrative Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Administrative Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtors (with the consent of the First Lien Agent) or Reorganized Debtors, as the case may be, and the Holder of such Administrative Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors (with the consent of the First Lien Agent) or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order; provided, however, that Allowed Administrative Claims representing (a) liabilities, accounts payable or other Claims, liabilities or obligations incurred in the ordinary course of business of the Debtors consistent with past

practices subsequent to the Petition Date and (b) contractual liabilities including those arising under loans or advances to the Debtors, whether or not incurred in the ordinary course of business of the Debtors subsequent to the Petition Date, shall be paid or performed by the Debtors or the Reorganized Debtors in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements relating thereto.

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid on or before the Effective Date. All such fees that arise after the Effective Date but before the closing of the Chapter 11 Cases will be paid by the Reorganized Debtors.

Under the Plan, applications for compensation for services rendered and reimbursement of expenses incurred by Professionals (a) from the Petition Date through the Effective Date or (b) at any time during the Chapter 11 Cases when such compensation is sought pursuant to sections 503(b)(2) through (b)(5) of the Bankruptcy Code, must be Filed no later than forty-five (45) days after the Effective Date or such later date as the Bankruptcy Court approves, and must be served on (a) the Reorganized Debtors, United Subcontractors, Inc., 5201 Eden Avenue, Minneapolis, Minnesota 55436 (Attn: Timothy J. Gallagher, Chief Financial Officer), (b) counsel to the Debtors, Proskauer Rose LLP, 70 West Madison Street, Suite 3800, Chicago, Illinois 60602 (Attn: Mark K. Thomas and Peter J. Young), (c) the Office of the United States Trustee, 833 Chestnut Street, Suite 500, Philadelphia, Pennsylvania 19107 and (d) any other party designated by the Bankruptcy Rules or any order of the Court to receive notice. Applications that are not timely Filed will be barred and will not be considered by the Court. The Reorganized Debtors will pay any valid claims for Professional fees and expenses incurred after the Effective Date without any application to the Bankruptcy Court.

(b) *Priority Tax Claims*

The Plan defines Priority Tax Claims as any and all Claims accorded priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. Such Priority Tax Claims include Claims of governmental units for taxes owed by the Debtors that are entitled to a certain priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. The taxes entitled to priority are (a) taxes on income or gross receipts that meet the requirements set forth in section 507(a)(8)(A) of the Bankruptcy Code, (b) property taxes meeting the requirements of section 507(a)(8)(B) of the Bankruptcy Code, (c) taxes that were required to be collected or withheld by the Debtors and for which the Debtors are liable in any capacity as described in section 507(a)(8)(C) of the Bankruptcy Code, (d) employment taxes on wages, salaries or commissions that are entitled to priority pursuant to section 507(a)(4) of the Bankruptcy Code, to the extent that such taxes also meet the requirements of section 507(a)(8)(D), (e) excise taxes of the kind specified in section 507(a)(8)(E) of the Bankruptcy Code, (f) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F) of the Bankruptcy Code and (g) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G) of the Bankruptcy Code. The Debtors have estimated that the aggregate amount of Priority Tax Claims payable under the Plan will be approximately \$500,000.

Priority Tax Claims are Unimpaired. Under the Plan, each Holder of an Allowed Priority Tax Claim shall receive, at the option of the Debtors (with the consent of the First Lien Agent) or the Reorganized Debtors, as the case may be, in full satisfaction, settlement, release,

extinguishment and discharge of such Priority Tax Claim: (a) the amount of such unpaid Allowed Priority Tax Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Priority Tax Claim becomes Allowed and (iii) a date agreed to by the Debtors (with the consent of the First Lien Agent) or Reorganized Debtors, as the case may be, and the Holder of such Priority Tax Claim; (b) equal Cash payments from the Reorganized Debtors made on the last Business Day of every three (3) month period following the Effective Date, over a period not exceeding five (5) years after the assessment of the tax on which such Priority Tax Claim is based, totaling the principal amount of such Priority Tax Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate publicly quoted on the Effective Date for obligations backed by the full faith and credit of the United States of America maturing in ninety (90) days; or (c) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Priority Tax Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order. The Debtors or the Reorganized Debtors, as the case may be, shall have the right, in their sole discretion, to prepay at any time, in whole or in part, any Allowed Priority Tax Claim without premium or penalty of any sort or nature.

2. Treatment of Classified Claims and Interests under the Plan

(a) *Class 1: Miscellaneous Secured Claims*

Class 1 Miscellaneous Secured Claims are Unimpaired under the Plan. Each Holder of an Allowed Class 1 Miscellaneous Secured Claim shall receive, in the sole discretion of the Debtors or the Reorganized Debtors, as the case may be, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) Cash equal to the amount of such Allowed Miscellaneous Secured Claim on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Miscellaneous Secured Claim becomes Allowed, and (iii) a date agreed to by the Debtors or the Reorganized Debtors, as the case may be, and the Holder of such Class 1 Miscellaneous Secured Claim; (b) treatment such that such Miscellaneous Secured Claim is Reinstated; (c) the Property securing such Miscellaneous Secured Claim; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.

(b) *Class 2: Miscellaneous Priority Claims*

Class 2 Miscellaneous Priority Claims are Unimpaired under the Plan. Each Holder of an Allowed Class 2 Miscellaneous Priority Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 2 Claim becomes Allowed, and (iii) a date agreed to by the Debtors or the Reorganized Debtors, as the case may be, and the Holder of such Class 2 Miscellaneous Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.

(c) *Class 3: Subsidiary Interests*

Class 3 Interests are Unimpaired under the Plan and the Holders thereof are deemed to have accepted the Plan. Each Holder of an Allowed Interest in Class 3 shall retain

such Interest and its respective share or shares of common stock of the Subsidiary Debtors representing such Interest, but such Holder shall receive no distribution under the Plan on account of such Interest.

(d) *Class 4: General Unsecured Claims*

Class 4 General Unsecured Claims are Unimpaired under the Plan. Each Holder of an Allowed General Unsecured Claim not satisfied as of the Effective Date of the Plan shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such General Unsecured Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such General Unsecured Claim; (b) treatment such that such General Unsecured Claim is Reinstated; or (c) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.

(e) *Class 5: First Lien Secured Claims*

Class 5 First Lien Secured Claims are Impaired under the Plan. On the Effective Date, the Holders of Allowed First Lien Secured Claims shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claims, their *pro rata* share (determined by dividing each such Holder's Allowed First Lien Secured Claim, as the case may be, by the sum of all Allowed First Lien Secured Claims) of (a) ninety-six percent (96%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan), and (b) the New Senior Secured Notes. The number of shares of New USI Holdings Common Stock to be issued to First Lien Lenders and the amount of the New Senior Secured Notes to be allocated to First Lien Lenders shall assume that all First Lien Letters of Credit have been drawn as of the Effective Date. For purposes hereof, "*pro rata*" shall mean the ratio of (x) the First Lien Lender Secured Claim held by a First Lien Lender, exclusive of Claims of the First Lien Revolving Lenders with respect to First Lien Letters of Credit that are undrawn as of the Effective Date, to (y) the aggregate amount of all First Lien Secured Claims, including Claims with respect to First Lien Letters of Credit, whether or not drawn as of the Effective Date. If any First Lien Letters of Credit remaining outstanding as of the Effective Date are drawn after the Effective Date, the First Lien Revolving Lenders shall receive, with respect to the Claims resulting from such drawing, their *pro rata* share of the New USI Holdings Common Stock and the New Senior Secured Notes equal to the shares they would have received if such First Lien Letter of Credit were drawn prior to the Effective Date. If any First Lien Letter of Credit remains outstanding and expires, terminates or is returned undrawn, then the First Lien Lenders, other than the First Lien Revolving Lenders, shall receive additional shares of the New USI Holdings Common Stock and New Senior Secured Notes in the amounts they would have received if such First Lien Letter of Credit had expired, terminated or been returned undrawn prior to the Effective Date.

Notwithstanding the foregoing, each Holder of an Allowed First Lien Secured Claim shall execute and deliver: (i) the New Shareholder Agreement prior to receiving any New Common Stock and (ii) the New Senior Credit Agreement prior to receiving any portion of New Senior Secured Term Loan. If any such Holder has not executed and delivered (i) the New

Shareholder Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any distribution of the New Common Stock and such Holder's share of the New Common Stock will be distributed pro rata to the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Shareholder Agreement, and (ii) the New Senior Credit Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any portion of the New Senior Secured Term Loan and such Holder's share of the New Senior Secured Term Loan shall be allocated among the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Senior Credit Agreement.

(f) *Class 6: Second Lien Secured Claims*

Class 6 Second Lien Secured Claims are Impaired under the Plan. On the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Class 6 Second Lien Secured Claim shall receive its pro rata share (determined by dividing such Holder's Allowed Second Lien Secured Claim by the sum of all Allowed Second Lien Secured Claims) of four percent (4%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan).

Notwithstanding the foregoing, each Holder of an Allowed Second Lien Secured Claim shall execute and deliver the New Shareholder Agreement prior to receiving any New Common Stock. If any such Holder has not executed and delivered the New Shareholder Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any distribution of the New Common Stock and such Holder's share of the New Common Stock will be distributed pro rata to the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Shareholder Agreement.

(g) *Class 7: Rejection Claims*

Class 7 Rejection Claims are Impaired under the Plan. On the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Class 7 Convenience Class Claim shall receive their pro-rata share (determined by dividing each such Holder's Allowed Rejection Claim, as the case may be, by the sum of all Allowed Rejection Claims) of the lesser of (i) \$125,000, or (ii) five percent (5%) of the aggregate amount of all Allowed Rejection Claims.

(h) *Class 8: Old USI Holdings Common Stock and Interests*

Class 8 Old USI Holdings Common Stock and Interests are Impaired under the Plan. Holders of Class 8 Old USI Holdings Common Stock and Interests shall not receive or retain any property under the Plan on account of such Old USI Holdings Common Stock and Interests. On the Effective Date, all Old USI Holdings Common Stock and Interests shall be cancelled.

(i) *Class 9: Insider Claims*

Class 9 Insider Claims are Impaired under the Plan. Holders of Class 9 Insider Claims shall not receive or retain any property under the Plan on account of such Insider Claims. On the Effective Date, all Insider Claims shall be extinguished.

E. Reservation of Rights Regarding Claims

Except as otherwise explicitly provided in the Plan, nothing will affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment. The Debtors and the Reorganized Debtors specifically reserve all rights, remedies, claims, defenses and Causes of Action, including, without limitation, those described in Appendix F.

F. Allowed Claims, Distribution Rights and Objections to Claims

1. Allowance Requirement

Only Holders of Allowed Claims are entitled to receive distributions under the Plan. An Allowed Administrative Claim is a Claim or any portion thereof that has been Allowed, or adjudicated in favor of the Holder by estimation or liquidation, by a Final Order, that was incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and as to which there is no dispute as to the Debtors' liability, or that has become Allowed by failure to object pursuant to Section 8.05 of the Plan. An unsatisfied Allowed Claim is such Claim or any portion thereof (other than an Administrative Claim) of (a) any Claim against any of the Debtors that has been listed by the Debtors in the Schedules, as such Schedules may have been amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent, and with respect to which no contrary proof of claim has been filed, (b) any Claim specifically allowed under the Plan, (c) any Claim the amount or existence of which has been determined or allowed by a Final Order, or (d) any Claim as to which a proof of claim has been timely filed before the Bar Date, provided that at the time of the Effective Date the Debtors, Reorganized Debtors or the Majority Senior Secured Note Holders have not identified such Claim as being objectionable in part or in whole and no objection to the allowance thereof has been filed by the Claims Objection Deadline; provided, however, that the term Allowed, with reference to any Claim, shall not include (x) any unliquidated claim or (y) interest or attorneys' fees on or related to any Claim that accrues from and after the Petition Date unless otherwise expressly provided for in the Plan.

2. Date of Distribution

All Distributions to Holders of Allowed Claims as of the Effective Date will be made as and when provided in the Plan.

3. Making of Distributions

The Reorganized Debtors will designate the Person to serve as the Disbursing Agent under the Plan, and, unless such person is Reorganized USI Holdings, will file a written notice of such designation at least five (5) days before the Confirmation Hearing. Distributions to Holders of Allowed Claims will be made by the Disbursing Agent (a) to the last known addresses of such Holders, or (b) to the addresses set forth in any written notices of address changes delivered to the Disbursing Agent. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Disbursing Agent is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest. Unless otherwise agreed between the Reorganized Debtors and the Disbursing Agent, amounts in respect of undeliverable distributions

made by the Disbursing Agent will be returned to the Reorganized Debtors until such distributions are claimed.

All Property distributed on account of Claims must be claimed within the later of (a) one (1) year after the Effective Date or (b) one (1) year after such distribution is made to such Holder or, in the case of a distribution made in the form of a check, must be negotiated and a request for reissuance be made as provided for in Section 5.05 of the Plan. All Unclaimed Property will be retained by and will revest in the Reorganized Debtors and will no longer be subject to distribution. All full or partial payments made by the Disbursing Agent and received by the Holder of a Claim prior to the Effective Date will be deemed to be payments under the Plan for purposes of satisfying the obligations of Debtors pursuant to the Plan. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim other than by reviewing the records of the Reorganized Debtors and any Claims filed in these cases. Pursuant to section 1143 of the Bankruptcy Code, all claims in respect of Unclaimed Property shall be deemed Disallowed under Section 5.06 of the Plan and the Holder of any Claim Disallowed under Section 5.06 of the Plan will be forever barred, expunged, estopped and enjoined from assertion in any manner against the Debtors or their respective Properties or the Reorganized Debtors or their respective Properties.

4. Objection Procedures

Unless otherwise ordered by the Court after notice and a hearing, under the Plan, the Reorganized Debtors shall have the exclusive right, on and after the Effective Date, to File objections to Claims (other than Claims specifically Allowed in the Plan) and shall serve a copy of each such objection upon the Holder of the Claim to which the objection is made as soon as practicable, but in no event later than the latest of (a) 75 days after the Effective Date, (b) 75 days after the date on which any Claim is Filed, or (c) such later date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clauses (a) and (b) above. The foregoing deadlines may be extended by order of the Court. An objection to any Claim shall be deemed properly served on the Holder thereof if the Reorganized Debtors effect service in any of the following manners: (i) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Federal Rule of Bankruptcy Procedure 7004, (ii) by first class mail, postage prepaid, on the signatory on the proof of claim or interest or other representative identified in the proof of claim or interest or any attachment thereto, or (iii) by first class mail, postage prepaid, on any counsel that has appeared on the Holder's behalf in the Chapter 11 Cases.

G. Disposition of Executory Contracts and Unexpired Leases

1. Contracts and Leases Deemed Assumed

The Plan provides for the deemed assumption of all executory contracts or unexpired leases that have not been otherwise disposed of. Specifically, each Debtor will be deemed to have assumed, as of the Effective Date, each executory contract and unexpired lease to which it is a party unless such contract or lease (a) has expired or terminated pursuant to its own terms, (b) has previously been assumed, assumed and assigned, or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (c) is the subject of a pending motion to assume, assume and assign, or reject as of the Confirmation Date, or (d) is listed on the Schedule of Rejected Contracts filed with the Plan Supplement; provided, however, that the Debtors shall have the right, at any time prior to the Confirmation Date, to amend the

Schedule of Rejected Contracts upon notice to the counterparty to such contract or lease (i) to delete any executory contract or unexpired lease listed therein, thus providing for its assumption pursuant to Section 6.01 of the Plan or (ii) to add any executory contract or unexpired lease thereto, thus providing for its rejection pursuant to Section 6.01 of the Plan. The Confirmation Order will constitute an order of the Bankruptcy Court under section 365(a) of the Bankruptcy Code approving the contract and lease assumptions described above, as of the Effective Date.

Under the Plan, each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property will include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

2. Cure with Respect to Assumed Contracts and Leases

Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any person or Entity shall be deemed assumed by the Debtors as of the Effective Date, except for any executory contract or unexpired lease that (a) has expired or terminated pursuant to its own terms, (b) has previously been assumed, assumed and assigned, or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (c) is the subject of a pending motion to assume, assume and assign, or reject as of the Confirmation Date, or (d) is listed on the Schedule of Rejected Contracts which shall be included with the Plan Supplement; provided, however, that the Debtors shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Rejected Contracts upon notice to the counterparty to such contract or lease (a) to delete any executory contract or unexpired lease listed therein, thus providing for its assumption pursuant to this Section 6.01 or (b) to add any executory contract or unexpired lease thereto, thus providing for its rejection pursuant to this Section 6.01. Within fifteen (15) days of the Effective Date, the Debtors shall pay to the nondebtor parties to such executory contracts and unexpired leases being assumed the cure amounts. The nondebtor parties to such executory contracts and unexpired leases shall have thirty (30) days from receipt of such cure amounts to object thereto. If any objections are filed, and cannot be resolved by agreement, the Bankruptcy Court shall hold a hearing to determine the cure amount with respect to the executory contract or unexpired lease subject to the objection or to otherwise resolve such objection. Any party failing to object (whether to the proposed cure amount or otherwise) within thirty (30) days after receipt of the cure amount by the Reorganized Debtors shall be forever barred from asserting, collecting, or seeking to collect from the Reorganized Debtors any amounts in excess of the cure amount or from otherwise objection to the assumption, by the Debtors, of such executory contract or unexpired lease. Notwithstanding the foregoing, or anything else in Article VI of the Plan, with respect to any executory contract or unexpired lease which is the subject of an objection, the Reorganized Debtors shall retain the right, until five (5) Business Days after any order resolving the objection becomes a Final Order, to reject such executory contract or unexpired lease.

3. Rejection Damages

Claims arising out of the rejection of any executory contract or unexpired lease pursuant to Section 6.01 of the Plan must be Filed with the Bankruptcy Court no later than the later of (a) twenty (20) days after the Effective Date, or (b) thirty (30) days after the entry of an order rejecting such executory contract or unexpired lease. Any Claim not Filed within such time period shall be forever barred. The Reorganized Debtors shall have the exclusive right to object to any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the terms of Section 8.05 of the Plan.

4. Compensation and Benefit Programs

The Plan provides that except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Effective Date, all officer, director or employee compensation and benefit programs of the Debtors entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed under Section 6.01 of the Plan, but only to the extent that rights under such programs are held by the Debtors or Persons who are employees of the Debtors as of the Effective Date, and the Debtors' obligations under such programs to Persons who are employees of the Debtors on the Effective Date shall survive Confirmation of the Plan, except for (a) any officer, director or employee compensation and benefit program that entitled such Persons to receive or to acquire any Old USI Holdings Common Stock or Interests, (b) executory contracts or plans specifically rejected pursuant to the Plan, and (c) executory contracts or plans as have previously been rejected, are the subject of a motion to reject, or have been specifically waived by the beneficiaries of any plans or contracts.

H. Revesting of Assets; Release of Liens

Except as otherwise expressly provided in the Plan, pursuant to sections 1123(a)(5), 1123(b)(3) and 1141(b) of the Bankruptcy Code, all Property comprising the Estates of each Debtor, including, but not limited to, all Avoidance Actions and all Causes of Action shall automatically be retained and revert in the relevant Reorganized Debtor or its respective successor, free and clear of all Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests of Creditors and equity security Holders on the Effective Date with all such Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests, being extinguished except as otherwise provided in the Plan or in connection with the New Senior Secured Notes. As of the Effective Date, each Reorganized Debtor may operate its business and use, acquire and dispose of Property and settle and compromise Claims or Interests without supervision of the Bankruptcy Court free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges it incurs for professional fees, disbursements, expenses, or related support services incurred after the Effective Date without any application to the Bankruptcy Court.

I. Post-Consummation Corporate Structure, Management and Operation

1. Continued Corporate Existence

The Plan provides that the Reorganized Debtors will continue to exist after the Effective Date as separate corporate entities, in accordance with the applicable laws in the respective jurisdictions in which they are incorporated and pursuant to their respective

certificates or articles of incorporation, and by-laws, in effect prior to the Effective Date, except to the extent such certificates or articles of incorporation, and by-laws are amended pursuant to the Plan. The Plan contemplates that New Debtor Certificates of Incorporation and By-laws, including amendments to the certificates of incorporation, articles of organization, by-laws partnership agreements or other governing charter documents, as appropriate, of the Debtors will be included in the Plan Supplement.

2. Post-Consummation Governance Documents

The Certificates of Incorporation and by-laws of each Debtor, as applicable, will be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code and will include, among other things, (a) authorization to issue a maximum number of shares of New USI Holdings Common Stock to be determined by the Requisite Consenting First Lien Lenders (currently expected to be 3,000,000), (b) a prohibition on the issuance of nonvoting equity securities to the extent, and only to the extent, required by section 1123(a)(6) of the Bankruptcy Code, (c) such other provisions as required by the New Shareholder Agreement, and (d) other provisions ordinary and customary in such situations, so long as they are not inconsistent with any of the provisions contained in the foregoing (a) through (c).

3. Cancellation of Old Securities and Agreements

On the Effective Date, except as otherwise provided for in the Plan, (a) the Old USI Holdings Common Stock and Interests, and any other note, bond, or indenture evidencing or creating any indebtedness or obligation of any Debtor will be cancelled, and (b) the obligations of the Debtors under any agreements, indentures, or certificates of designations governing the Old USI Holdings Common Stock and Interests and any other note, bond, or indenture evidencing or creating any indebtedness or obligation of any Debtor will be discharged.

4. Officers and Directors of Reorganized Debtors

The Plan provides that the existing senior officers of Reorganized USI Holdings will serve initially in the same capacities after the Effective Date until replaced or removed in accordance with the certificates of incorporation and by-laws of such entities.

Under the Plan, the initial Board of Directors of Reorganized USI Holdings will have five (5) members, one of whom will be the Chief Executive Officer of the Debtors and the other four (4) of whom will be appointed by the First Lien Lenders. The names of the new directors will be set forth in the Plan Supplement. The designation of directors will be made at least five (5) days prior to the earlier of the deadline for voting on, or objecting to, the Plan. Such designations will be final and binding for all purposes.

5. New Management Incentive Plan

On the Effective Date, Reorganized USI Holdings will adopt the New Management Incentive Plan, a copy of which will be included in the Plan Supplement.

6. Funding of Reorganized Debtors

The Reorganized Debtors expect to be able to fund their operations, pay administrative and priority claims as provided in the Plan, and service the debt instruments contemplated by the Plan, through cash receipts. It is not presently expected that exit financing or other new financing will be required, however, the Debtors are still evaluating the possibility of the need for additional financing.

7. Exemption from Certain Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or any other Person pursuant to the Plan, including any Liens granted by the Debtors to secure the New Senior Secured Notes will not be taxed under any law imposing a stamp tax or other similar tax. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement distributions under the Plan, including the documents contained in the Plan Supplement.

8. Corporate Action

The entry of the Confirmation Order shall constitute authorization for the Debtors and the Reorganized Debtors to take or cause to be taken all corporate actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court, including, without limitation, (a) the cancellation of the Old USI Holdings Common Stock and Interests, (b) the issuance of the New USI Holdings Common Stock, (c) the election of directors and officers in accordance with Section 10.02 of the Plan, (d) the adoption of the New Debtors Certificates of Incorporation and By-laws, (e) the issuance of the New Senior Secured Notes, (f) the execution and delivery of the New Senior Secured Loan Documents, (g) to the extent necessary, the execution and delivery of the new Senior Management Contracts, (h) the adoption of the New Management Incentive Plan, and (i) the entry into an Exit Facility if the Debtors determine that such an Exit Facility is necessary and appropriate. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the stockholders or directors of the Debtors or the Reorganized Debtors. On the Effective Date, the appropriate officers and directors of the Debtors and the Reorganized Debtors are authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan in the name and on behalf of the Debtors and the Reorganized Debtors.

J. Confirmation and/or Consummation

Described below are certain important considerations under the Bankruptcy Code in connection with confirmation of the Plan.

1. Requirements for Confirmation of the Plan

Before the Plan can be confirmed, the Bankruptcy Court must determine at the Confirmation Hearing that the following requirements for confirmation, set forth in section 1129 of the Bankruptcy Code, have been satisfied:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised by the Debtors or by a Person issuing securities or acquiring property under the Plan for services or for costs and

expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

- The Debtors have disclosed (a) the identity and affiliations of (i) any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Reorganized Debtors, (ii) any affiliate of the Debtors participating in a joint plan with the Debtors or (iii) any successor to the Debtors under the Plan (and the appointment to, or continuance in, such office of such individual(s) is consistent with the interests of Claim and Interest Holders and with public policy), and (b) the identity of any insider that will be employed or retained by the Debtors and the nature of any compensation for such insider.

- With respect to each Class of Claims or Interests, each Impaired Claim and Impaired Interest Holder either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such Holder, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code. See Section X.D.

- The Plan provides that Administrative Claims and Priority Claims other than Priority Tax Claims will be paid in full on the Effective Date and that Priority Tax Claims will receive on account of such Claims deferred cash payments, over a period not exceeding five years after the date of assessment of such Claims, of a value, as of the Effective Date, equal to the Allowed Amount of such Claims, except to the extent that the Holder of any such Claim has agreed to a different treatment.

- If a Class of Claims is Impaired under the Plan, at least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by insiders holding Claims in such Class.

- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. See Section X.A.

- The Plan provides for the continuation after the Effective Date of all retiree benefits, if any, at the level established pursuant to section 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time prior to confirmation of the Plan, for the duration of the period the Debtors have obligated themselves to provide such benefits.

The Debtors believe that, upon receipt of the votes required to confirm the Plan, the Plan will satisfy all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of chapter 11 and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith.

Further, even if all of the foregoing are satisfied, if any Class of Claims is Impaired and votes to reject the Plan, the Debtors must satisfy the applicable “cramdown” standard with respect to that Class. Section 1129(b) of the Bankruptcy Code requires that the plan “not discriminate unfairly” and be “fair and equitable” with respect to such class. The Debtors do not anticipate that any Class of Claims will vote to reject the Plan. However, in the event any Class votes to reject the Plan, the Debtors believe they will satisfy the cramdown standards in section 1129(b) with respect to any such rejecting class.

2. Conditions to Confirmation Date and Effective Date

The Plan specifies conditions precedent to the Confirmation Date and the Effective Date. Each of the specified conditions must be satisfied or waived in whole or in part by the Debtors, without any notice to parties-in-interest or the Bankruptcy Court and without a hearing.

The conditions precedent to the occurrence of the Confirmation Date, which is the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order, are that: (a) the form and substance of the Confirmation Order, as well as any amendments to the Plan, shall have been approved by the Debtors and the Requisite Consenting First Lien Lenders; (b) the Confirmation Order shall authorize the issuance of the New USI Holdings Common Stock and the other transactions contemplated by the Plan; and (c) the Confirmation Order shall provide that the provisions of the Confirmation Order are non-severable and mutually dependent.

The conditions that must be satisfied on or prior to the Effective Date, which is the Business Day upon which all conditions to the consummation of the Plan have been satisfied or waived, and is the date on which the Plan becomes effective, are that: (a) the Confirmation Order shall have been entered and shall not be stayed by order of a court of competent jurisdiction; (b) all documents and agreements required to be executed or delivered under the Plan on or prior to the Effective Date shall have been executed and delivered by the parties thereto; (c) the Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) authorizing and directing the Debtors and the Reorganized Debtors to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, indentures and other agreements or documents created, amended, supplemented, modified or adopted in connection with the Plan; (d) the New Debtors Certificates of Incorporation and By-laws shall have been filed with the applicable authority of each such Debtors’ jurisdiction of incorporation or organization in accordance with such jurisdiction’s applicable law; (e) all authorizations, consents and regulatory approvals required, if any, in connection with the Plan’s effectiveness shall have been obtained; (f) the New Senior Secured Notes shall have been issued; (g) the New Senior Secured Loan Documents shall have been entered into by the parties thereto; (h) the Exit Facility, if applicable, shall have been entered into by the parties thereto; (i) the New Management Incentive Plan shall have been adopted; (j) the New Shareholder Agreement shall have been entered into; (k) the New Registration Rights Agreement shall have been entered into; (l) the New Senior Secured Notes, the New Senior Secured Loan Documents, the Senior Management Contracts, the Exit Facility, the New Management Incentive Plan shall be in form and substance reasonably acceptable to the Debtors and the Requisite Consenting First Lien Lenders; (m) the New Shareholder Agreement shall be in form and substance reasonably satisfactory to the Debtors and the Requisite Consenting First Lien Lenders and (n) no order of a court of competent jurisdiction shall have been entered and shall remain in effect restraining the Debtors from consummating the Plan.

K. Releases, Discharge, Injunctions, Exculpation and Indemnification

1. Releases by Debtors in Favor of Third Parties

The Plan provides for certain releases to be granted by the Debtors on and as of the Effective Date. Specifically, effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors and the Reorganized Debtors, in their individual capacities and as debtors in possession, will be deemed to have forever released, waived and discharged the Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, or the Plan; provided, however, that no Releasee shall be released or discharged from any Claims, obligations, suits, judgments, debts or Causes of Action arising out of or in connection with indebtedness for money borrowed by any such person from any of the Debtors.

The Debtors do not believe that there are any valid claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities that they hold against any of the persons to be released pursuant to this provision.

As to the Debtors' directors, officers and employees, the consideration for such release is the service rendered by such individuals during the pendency of the Chapter 11 Cases and the need for their continued dedication after the Effective Date to fully consummate a successful reorganization. The Debtors will be hampered in their consummation efforts if their directors, officers and employees are subject to claims and potential litigation that will distract their attention from operational and other business matters. None of such individuals are currently the target of any claim or litigation, and the Debtors are not aware of any credible theory on which an entity might pursue claims and litigation against such individuals.

As to the Consenting First Lien Lenders, the Consenting Second Lien Lenders and the entities that have issued and backstopped a letter of credit in favor of the Debtors, the consideration for such release is, among other things, their agreement to compromise their Claims, support the Plan and accept the treatment provided for their Claims under the Plan.

2. Releases by Creditors of Claims Against Third Parties

In furtherance of the release provisions of the Plan, effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, to the fullest extent permitted under applicable law, in consideration for the obligations of the Persons set forth below under the Plan and, if applicable, the Cash, securities, contracts, releases and other agreements or documents to be delivered in connection with the Plan, each Holder of a Claim or Interest and any Affiliate of any such Holder (as well as any trustee or agent on behalf of each such Holder shall be deemed to have forever waived, released and discharged (i) the Debtors,

(ii) the Reorganized Debtors, and (iii) the Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder)), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, or the Plan.

3. Discharge and Discharge Injunction

Confirmation of the Plan effects a discharge of all Claims against the Debtors. To the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), and except as otherwise provided in the Plan or in the Confirmation Order all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims of any nature whatsoever against the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims. Upon the Effective Date, and except as expressly contemplated in the Plan, the Debtors, and each of them, shall (a) be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, debts (as such term is defined in section 101(12) of the Bankruptcy Code), Liens, security interests, and encumbrances of and against all Property of the respective Estates, the Debtors, or the Reorganized Debtors that arose prior to the Effective Date, including without limitation, all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) such Claim has been Allowed pursuant to section 502 of the Bankruptcy Code, or (ii) the Holder of such Claim has voted to accept the Plan and (b) terminate all Interests of the Holders of Old USI Holdings Common Stock and Interests. Further, as of the Effective Date, all entities, including, without limitation, all Holders of Claims or Interests, shall be barred and enjoined from asserting against the Debtors or the Reorganized Debtors, their successors or their property any other or further Claims, debts, rights, Causes of Action, liabilities or Interests relating to the Debtors based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date, except for those obligations expressly created by, or reserved in, the Plan. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Interests of the Holders of Old USI Holdings Common Stock and Interests, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge and termination shall void any judgment obtained against the Debtors or the Reorganized Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

In furtherance of the discharge of Claims and the termination of Interests, the Plan provides that, except as provided in the Plan or the Confirmation Order and to the fullest extent authorized or provided by the Bankruptcy Code, including sections 524 and 1141 thereof, the entry of the Confirmation Order shall, provided that the Effective Date occurs, permanently

enjoin all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security Holder that is Impaired or terminated pursuant to the terms of the Plan from taking any of the following actions against the Debtors, the Reorganized Debtors or their property on account of any such discharged Claims, debts or liabilities or such terminated Interests or rights: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind; (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order; (c) creating, perfecting or enforcing in any manner directly or indirectly, any Lien or encumbrance of any kind; (d) asserting any setoff, offset, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors or the Reorganized Debtors; and (e) proceeding in any manner in any place whatsoever, including employing any process, that does not conform to or comply with or is inconsistent with the provisions of the Plan.

4. Exculpation Relating to Chapter 11 Cases

The Plan contains standard exculpation provisions applicable to the key parties in interest with respect to their conduct in the Chapter 11 Cases. Specifically, the Plan provides that, none of the Debtors, Reorganized Debtors or Exculpated Persons shall have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates or any of their successors or assigns, for any act taken or omission made in good faith in connection with, relating to, or arising out of, the Chapter 11 Cases, Filing, negotiating, prosecuting, administering, formulating, implementing, confirming or consummating the Plan, or the Property to be distributed under the Plan, including all prepetition activities leading to the promulgation and confirmation of the Plan, the Disclosure Statement (including any information provided or statement made in the Disclosure Statement or omitted therefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the Plan or the administration of the Debtors or these Chapter 11 Cases, provided, however, that the exculpation will not apply to any act of gross negligence or willful misconduct.

5. Post-Effective Date Indemnifications

To the extent not inconsistent with the Plan, any obligations of the Debtors, pursuant to their respective articles of incorporation or by-laws, applicable state law or their specific agreement, to indemnify a Person with respect to all present and future actions, suits and proceedings against the Debtors, the Reorganized Debtors or such indemnified Person, based upon any act or omission related to service with, or for or on behalf of, the Debtors or the Reorganized Debtors, shall survive Confirmation of the Plan and shall not be impaired by Confirmation of the Plan, but shall be deemed and treated as executory contracts that are assumed and, as applicable, amended by the Debtors pursuant to the Plan and section 365 of the Bankruptcy Code, except to the extent any such obligation has been released, discharged or modified pursuant to the Plan. Such indemnification obligations shall survive unaffected by the Plan and shall be performed and honored by the Reorganized Debtors. Anything to the contrary notwithstanding, no such indemnification obligation shall survive with respect to Wind Point, any other LC Provider, or any of their respective affiliated entities in any capacity.

L. Preservation of Rights of Action

Except to the extent that any Claim is Allowed during the Chapter 11 Cases or expressly by the Plan, nothing, including, but not limited to, the failure of the Debtors or the Reorganized Debtors to object to a Claim or Interest for any reason during the pendency of the Chapter 11 Cases, shall affect, prejudice, diminish or impair the rights and legal and equitable defenses of the Debtors or the Reorganized Debtors with respect to any Claim or Interest, including, but not limited to, all rights of the Debtors or Reorganized Debtors to contest or defend themselves against such Claims or Interests in any lawful manner or forum when and if such Claim or Interest is sought to be enforced by the Holder thereof.

Further, except as otherwise provided in the Plan, all Causes of Action, including Avoidance Actions, shall automatically be retained and preserved and will revert in the Reorganized Debtors. Pursuant to section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors (as representatives of the Debtors' Estates) will retain and have the exclusive right to enforce and prosecute such Causes of Action (including Avoidance Actions) against any Entity, that arose before the Effective Date (including, without limitation, those Causes of Action identified on Appendix F hereto), other than those expressly released or compromised as part of or pursuant to the Plan.

In addition, except to the extent that any Claim is Allowed, the Debtors or the Reorganized Debtors, as applicable, may, but shall not be required to, set off against any Claims and the payments or distributions to be made pursuant to the Plan in respect of such Claims, any and all debts, liabilities, Causes of Action (including Avoidance Actions) and claims of every type and nature whatsoever which the Estates, the Debtors or the Reorganized Debtors may have against their Creditors, but neither the failure to do so nor the allowance of any such Claims, whether pursuant to the Plan or otherwise, shall constitute a waiver or release by the Debtors of any such claims or Causes of Action (including Avoidance Actions) the Debtors may have against such Creditors, and all such claims and Causes of Action (including Avoidance Actions) which are not expressly released pursuant to the Plan shall be reserved to and retained by the Reorganized Debtors.

The Debtors reserve the right to settle or otherwise not pursue any pending or potential claims, rights of action, suits or proceedings against any of the parties listed herein. Neither the listing nor the failure to list any party herein should prejudice the Debtors' rights to pursue any claims, rights of action, suits or proceedings that have arisen or may arise in the future in the ordinary course of the Debtors' businesses.

M. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain after the Effective Date exclusive jurisdiction of all matters arising out of, arising in or related to, the Chapter 11 Cases to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:

- classify, re-classify or establish the priority or secured or unsecured status of any Claim (whether Filed before or after the Effective Date and whether or not contingent, Disputed or unliquidated) or resolve any dispute as to the treatment of any Claim or Interest pursuant to the Plan;

- grant or deny any applications for allowance of compensation or reimbursement of expenses pursuant to sections 330, 331 or 503(b) of the Bankruptcy Code or otherwise provided for in the Plan, for periods ending on or before the Effective Date;
- determine and resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;
- ensure that all payments due under the Plan and performance of the provisions of the Plan are accomplished as provided herein and resolve any issues relating to distributions to Holders of Allowed Claims pursuant to the provisions of the Plan;
- construe, take any action and issue such orders, prior to and following the Confirmation Date and consistent with section 1142 of the Bankruptcy Code, as may be necessary for the enforcement, implementation, execution and consummation of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, including, without limitation, the Disclosure Statement and the Confirmation Order, for the maintenance of the integrity of the Plan and protection of the Reorganized Debtors in accordance with sections 524 and 1141 of the Bankruptcy Code following consummation;
- determine and resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation, implementation or enforcement of the Plan (and all Exhibits to the Plan and the Plan Supplement) or the Confirmation Order, including the indemnification and injunction provisions set forth in and contemplated by the Plan or the Confirmation Order, or any Entity's rights arising under or obligations incurred in connection therewith;
- hear any application of the Debtors or Reorganized Debtors to modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code and the Plan or modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code and the Plan;

- issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;
- enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;
- determine any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, except as otherwise provided in the Plan;
- determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;
- hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;
- enter a final decree closing the Chapter 11 Cases;
- determine and resolve any and all controversies relating to the rights and obligations of the Disbursing Agent in connection with the Chapter 11 Cases;
- allow, disallow, determine, liquidate, reduce, re-classify or estimate any Claim, including the compromise, settlement and resolution of any request for payment of any Claim, the resolution of any Objections to the allowance of Claims and to hear and determine any other issue presented hereby or arising hereunder, including during the pendency of any appeal relating to any Objection to such Claim (to the extent permitted under applicable law);
- permit the Debtors to recover all assets of the Debtors and Property of their respective Estates, wherever located;
- hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar or related matters with respect to the Debtors or the Debtors' respective Estates arising prior to the Effective Date or relating to the period of administration of the Chapter 11 Cases, including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- hear and determine any motions, applications, adversary proceedings, contested matters and other litigated matters pending on, Filed or commenced after the Effective Date that may be commenced by the

Debtors thereafter, including Avoidance Actions, proceedings with respect to the rights of the Debtors to recover Property under sections 542, 543 or 553 of the Bankruptcy Code, or proceedings to otherwise collect to recover on account of any claim or Cause of Action that the Debtors may have; and

- hear any other matter not inconsistent with the Bankruptcy Code.

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Debtors, including with respect to the matters set forth above, nothing in the Plan shall prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

N. Amendment, Alteration and Revocation of Plan

The Debtors (with the consent of the Requisite Consenting First Lien Lenders and, if such alteration, amendment or modification would adversely impact any Claim or right of the Consenting Second Lien Lenders or Windpoint as provided in the Plan Support Agreement, with the consent of the Requisite Second Lien Lenders or Wind Point, as the case may be) may alter, amend or modify the Plan in accordance with section 1127 of the Bankruptcy Code or as otherwise permitted at any time prior to the Confirmation Date. After the Confirmation Date and prior to the substantial consummation of the Plan, and in accordance with the provisions of section 1127(b) of the Bankruptcy Code and the Bankruptcy Rules, the Debtors may (with the consent of the Requisite Consenting First Lien Lenders), so long as the treatment of Holders of Claims or Interests under the Plan is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, prior notice of such proceedings shall be served in accordance with Bankruptcy Rules 2002 and 9014.

The Debtors reserve the right, at any time prior to Confirmation of the Plan, to withdraw the Plan. If the Plan is withdrawn or if the Confirmation Date does not occur, the Plan shall be null and void and have no force and effect. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

O. Plan Implementation Documents

The documents necessary to implement the Plan include the following:

- the New Debtors Certificates of Incorporation and By-laws;
- the New Shareholder Agreement;
- the New Registration Rights Agreement;
- the New Management Incentive Plan;
- the Exit Facility, if applicable;
- the New Senior Secured Notes;
- the New Senior Secured Loan Documents;

the Schedule of Rejected Contracts; and
the Senior Management Contracts.

Such documents will be submitted in substantially the form to be implemented on the Effective Date as part of the Plan Supplement. All documents in the Plan Supplement shall be in form, scope, and substance satisfactory to the Debtors and the Requisite Consenting First Lien Lenders. The New Shareholder Agreement, the form of which will be included in the Plan Supplement, shall be in form, scope and substance reasonably satisfactory to the Debtors and the First Lien Agent. Upon such filing, all documents included in the Plan Supplement may be viewed and downloaded free of charge from the Debtors' case website at www.kccllc.net/usi, viewed and downloaded from the Bankruptcy Court electronic case filing system or inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may obtain a copy of any document included in the Plan Supplement upon written request to the Debtors' Voting Agent at the address set forth in Section III.C or to the Debtors' counsel, Proskauer Rose LLP, 70 West Madison Street, Suite 3800, Chicago, Illinois 60602 (Attn: Peter J. Young).

VII. CERTAIN RISK FACTORS TO BE CONSIDERED

The Holders of Claims in Classes 5, 6 and 7 should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. General Considerations

The Plan sets forth the means for satisfying the Claims against each of the Debtors. Certain Claims and Interests receive no distributions pursuant to the Plan. Nevertheless, reorganization of certain of the Debtors' businesses and operations under the proposed Plan avoids the potentially adverse impact of a liquidation on the Debtors' customers, suppliers, employees, communities and other stakeholders.

B. Certain Bankruptcy Considerations

Even if all voting Impaired Classes vote in favor of the Plan, and if with respect to any Impaired Class deemed to have rejected the Plan the requirements for "cramdown" are met, the Bankruptcy Court may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtors, (see Section X.A), and that the value of distributions to dissenting Holders of Claims and Interests will not be less than the value such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. See Section X.D. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. See Appendix D for a liquidation analysis of the Debtors.

If a liquidation or protracted reorganization were to occur, there is a significant risk that the value of the Debtors' enterprise would be substantially eroded to the detriment of all stakeholders.

The Debtors' future results are dependent upon the successful confirmation and implementation of a plan of reorganization. Failure to obtain this approval in a timely manner could adversely affect the Debtors' operating results, as the Debtors' relations with their customers and suppliers may be harmed by protracted bankruptcy proceedings. Furthermore, the Debtors cannot predict the ultimate amount of all their liabilities that will be subject to a plan of reorganization. Once a plan of reorganization is approved and implemented, the Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders, customers and suppliers to do business with a company that recently emerged from bankruptcy proceedings.

C. Claims Estimations

There can be no assurance that any estimated Claim amounts set forth in this Disclosure Statement are correct. The actual Allowed amount of Claims likely will differ in some respect from the estimates. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, the actual Allowed amount of Claims may vary from those estimated herein.

D. Conditions Precedent to Consummation

The Plan provides for certain conditions that must be satisfied (or waived) prior to confirmation of the Plan and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

E. Inherent Uncertainty of Financial Projections

The Projections set forth in Appendix B hereto have been prepared by management of the Debtors in consultation with their financial advisors and cover the projected operations of the Reorganized Debtors through fiscal year 2013. These Projections are based on numerous assumptions that are an integral part of the Projections, including confirmation and consummation of the Plan in accordance with its terms, realization of the operating strategy of the Debtors, industry performance, no material adverse changes in applicable legislation or regulations, or the administration thereof, or regulations, exchange rates or generally accepted accounting principles, general business and economic conditions, competition, retention of key management and other key employees, absence of material contingent or unliquidated litigation, indemnity or other claims, and other matters. Certain additional material assumptions are disclosed on Appendix B, and the projections should be read in conjunction with these assumptions.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Debtors, the assumptions and estimates underlying the Projections are subject to business, economic and competitive uncertainties and contingencies. Accordingly, the Projections are only the Debtors' educated, good faith estimates and are necessarily contingent in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that

actual results will vary from the Projections, which variations may be material and may increase over time. The projected financial information contained herein should not be regarded as a guaranty by the Debtors, the Debtors' advisors or any other Person that the Projections can or will be achieved. However, the Debtors believe that the Projections are credible and that there is a reasonable likelihood that the results set forth in the Projections can be achieved.

F. Certain Risk Factors Relating to Securities to be Issued Under the Plan

1. No Current Public Market for Securities

The New Senior Secured Notes and the New USI Holdings Common Stock that will be issued pursuant to the Plan are securities for which there may be no market.

There is no present intention to register the New USI Holdings Common Stock. So long as the New USI Holdings Common Stock is not registered under the Exchange Act, the New USI Holdings Common Stock will not be listed on a securities exchange or quoted on an interdealer quotation system. Even if the New USI Holdings Common Stock were to be registered under the Exchange Act, no assurance can be made that the New USI Holdings Common Stock will be listed on a securities exchange or included in an interdealer quotation system. As a result, such securities may be traded only infrequently in transactions arranged through brokers or otherwise, and reliable market quotations for the New USI Holdings Common Stock may not be available.

The New Senior Secured Notes will not be listed on any national or regional securities exchange and may be traded only infrequently in transactions arranged through brokers or otherwise, and reliable market quotations for any of the New Senior Secured Notes may not be available. A debt security with a small outstanding principal amount available for trading (a small "float"), such as the New Senior Secured Notes, may command a lower price than would a comparable debt security with a greater float. Following consummation of the Plan, Holders of the New Senior Secured Notes may attempt to obtain offers for the New Senior Secured Notes; however, there can be no assurance that any trading market will exist for the New Senior Secured Notes following the consummation of the Plan. The extent of the market for the New Senior Secured Notes following consummation of the Plan will depend upon the number of Holders of the New Senior Secured Notes at such time, the interest in maintaining a market in the New Senior Secured Notes on the part of securities firms, banks, and other lending institutions, and other factors. There can be no assurance that any market in the New Senior Secured Notes will exist and no assurance as to the prices at which the New Senior Secured Notes may trade after the consummation of the Plan.

Accordingly, there can be no assurance as to the development or liquidity of any market for the New Senior Secured Notes or the New USI Holdings Common Stock. If a trading market does not develop or is not maintained, Holders of the New Senior Secured Notes and the New USI Holdings Common Stock may experience difficulty in reselling such securities or may be unable to sell them at all. Even if such market were to exist, such securities could trade at prices higher or lower than the value attributed to such securities in connection with their distribution under the Plan, depending upon many factors, including, without limitation, prevailing interest rates, markets for similar securities, industry conditions and the performance of, and investor expectations for, the Reorganized Debtors.

Persons to whom the New Senior Secured Notes and/or the New USI Holdings Common Stock are issued pursuant to the Plan may prefer to liquidate their investments rather than hold such securities on a long-term basis. Accordingly, any market that does develop for any of such securities may be volatile. Other factors, such as the restrictions on transferability discussed below and the likelihood that Reorganized USI Holdings will not declare dividends for the foreseeable future, may further depress any market for the New USI Holdings Common Stock.

2. Restrictions on Transfer

If the parties receiving New USI Holdings Common Stock enter into a “lock-up” in order to protect certain tax attributes of the Reorganized Debtors, any attempted sale, purchase, transfer, assignment, conveyance, pledge, disposition or other transaction (“Transfer”), without the prior written consent of Reorganized USI Holdings’ Board of Directors, of any shares of New USI Holdings Common Stock to any Person (including a group of Persons making a coordinated acquisition) may be restricted. Further the New Shareholder Agreement may restrict or condition the ability to Transfer shares of New USI Holdings Common Stock.

Resales by certain persons who are deemed to be “underwriters” pursuant to section 1145(b) of the Bankruptcy Code will be restricted. For further discussion, see Section VIII.B below.

3. Potential Dilution Caused by Additional Grants or Issuances of Reorganized USI Holdings Common Stock

If equity interests are granted under the New Management Incentive Plan or the Board of Reorganized New USI Holdings issues equity securities in the future, such equity interests will dilute the ownership percentage represented by the New USI Holdings Common Stock distributed on the Effective Date under the Plan.

In the future, additional equity financings or other share issuances by Reorganized USI Holdings could adversely affect the market price of New USI Holdings Common Stock. Sales by existing Holders of a large number of shares of New USI Holdings Common Stock in the public market or the perception that additional sales could occur could cause the market price of New USI Holdings Common Stock to decline. If additional shares of New USI Holdings Common Stock are issued, as will be permitted by Reorganized USI Holdings’ charter, such equity interests will dilute the ownership percentage represented by the New USI Holdings Common Stock distributed on the Effective Date under the Plan.

4. Dividends

The Reorganized Debtors do not anticipate that cash dividends or other distributions will be paid with respect to the New USI Holdings Common Stock in the foreseeable future. In addition, restrictive covenants in certain debt instruments to which Reorganized USI Holdings may become a party may limit the ability of Reorganized USI Holdings to pay dividends.

5. Change of Control

The Debtors’ Articles of Incorporation and Bylaws, the New Debtors Certificates of Incorporation and By-laws, as well as the Delaware General Corporation Law, contain

provisions that may have the effect of delaying, deterring or preventing a change in control of the Debtors.

G. Competition

The high degree of competition in the Debtors' businesses and the potential for new competitors to enter into those businesses could cause actual results to differ from those expected by the Debtors.

H. Cyclical

There have been occasional general downward trends in the Debtors' industry. While no such general downward trend is anticipated during the period of the Debtors' projections, there can be no assurance that general market conditions relating to the Debtors' services will not impair the Debtors' future financial performance.

I. Reliance on Key Personnel

The Debtors operate a business that is highly dependent on skilled employees. A loss of a significant number of key management or sales employees could have a material adverse effect on the Reorganized Debtors.

The Debtors' successful transition through the restructuring process is dependent in part on their ability to retain and motivate their officers and key employees. There can be no assurance that the Reorganized Debtors will be able to retain and employ qualified management and sales personnel.

J. Debt Service

The Debtors' business plan projects that the Reorganized Debtors should be able to comfortably meet their obligations under the New Senior Secured Notes while growing their businesses and enhancing their cash position. No guaranty can be made, however, that the performance in the business plan will be achieved. Further, if the Reorganized Debtors fall materially short of their business plan, there is no guaranty that they will be able to meet the debt service obligations under the New Senior Secured Notes.

K. Litigation

The Reorganized Debtors will be subject to various claims and legal actions arising in the ordinary course of their businesses. The Debtors are not able to predict the nature and extent of any such claims and actions and cannot guarantee that the ultimate resolution of such claims and actions will not have a material adverse effect on the Reorganized Debtors.

L. Certain Tax Considerations

There are a number of income tax considerations, risks and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussions set forth in Article IX regarding certain U.S. federal income tax consequences of the transactions proposed by the Plan to the Debtors and the Reorganized Debtors and to Holders of Claims who are entitled to vote to accept or reject the Plan.

M. Customer Concentration

While the Debtors do not believe that their customer concentration is unusually heavy, their top ten (10) customers account for approximately twenty-five percent (25%) of

overall revenues. The loss of the Debtors' largest customers or a group of large customers could materially adversely effect the Reorganized Debtors' post-emergence financial performance.

N. Post-Emergence Leverage

While the Debtors believe that they are currently well positioned competitively, and that the Projections contemplate adequate ongoing capital investment to maintain and improve the Reorganized Debtors' competitive position, there can be no assurance that if the Reorganized Debtors materially under-perform their Projections, the leverage represented by any Exit Facility and the New Senior Secured Notes will not have an adverse effect on their businesses.

VIII. APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

It is not currently expected that any registration statement will be filed under the Securities Act or any state securities laws with respect to the issuance or distribution of the New Senior Secured Notes or the USI Holdings Common Stock under the Plan or their subsequent transfer or resale. The Debtors believe that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code and state securities laws exempt from federal and state securities registration requirements with respect to (a) the offer and the sale of such securities pursuant to the Plan and (b) subsequent transfers of such securities.

A. Offer and Sale of New Securities Pursuant to the Plan: Bankruptcy Code Exemption from Registration Requirements

Holders of certain Allowed Claims will receive certain New Senior Secured Notes and USI Holdings Common Stock pursuant to the Plan. Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (a) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (b) the recipients of the securities must hold a pre-petition or administrative expense claim against the debtor or an interest in the debtor; and (c) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property. In reliance upon this exemption, the Debtors believe that the offer and sale of the New Senior Secured Notes and New USI Holdings Common Stock under the Plan will be exempt from registration under the Securities Act and state securities laws.

In addition, the Debtors will seek to obtain, as part of the Confirmation Order, a provision confirming such exemption. Accordingly, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(1) of the Securities Act, unless the Holder is an "underwriter" (see discussion below) with respect to such securities, as that term is defined under the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

B. Subsequent Transfers of New Securities

Section 1145(b) of the Bankruptcy Code defines the term “underwriter” for purposes of the Securities Act as one who, except with respect to “ordinary trading transactions” of an entity that is not an “issuer,” (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest; (b) offers to sell securities offered or sold under a plan for the Holders of such securities; (c) offers to buy securities offered or sold under the plan from the Holders of such securities, if the offer to buy is: (i) with a view to distribution of such securities; and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer” with respect to the securities, as the term “issuer” is defined in Section 2(11) of the Securities Act.

The term “issuer” is defined in Section 2(4) of the Securities Act; however, the reference contained in section 1145(b)(1)(D) of the Bankruptcy Code to Section 2(11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. “Control” (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a “control person,” particularly if such management position is coupled with the ownership of a significant percentage of the debtor’s (or successor’s) voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns at least 10% of the securities of a reorganized debtor may be presumed to be a “control person.”

To the extent that persons deemed to be “underwriters” receive New Senior Secured Notes or New USI Holdings Common Stock pursuant to the Plan, resales by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such persons would not be permitted to resell such New Senior Secured Notes or New USI Holdings Common Stock unless such securities were registered under the Securities Act or an exemption from such registration requirements were available. Entities deemed to be statutory underwriters for purposes of section 1145 of the Bankruptcy Code may, however, be able, at a future time and under certain conditions, to sell securities without registration pursuant to the resale provisions of Rule 144 and Rule 144A under the Securities Act.

Pursuant to the Plan, certificates evidencing New Senior Secured Notes or New USI Holdings Common Stock received by a Holder of ten percent (10%) of any class of such securities will bear a legend substantially in the form below:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE, OR OTHERWISE TRANSFERRED UNLESS REGISTERED OR QUALIFIED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY

SATISFACTORY TO IT THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

Whether or not any particular person would be deemed to be an “underwriter,” or an “affiliate” of the Reorganized Debtors, would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any such person would be such an “underwriter” or “affiliate.” **Persons who receive securities under the Plan are urged to consult their own legal advisor with respect to the restrictions applicable under Rule 144 and the circumstances under which such securities may be sold in reliance upon such Rule.**

In each of the provinces of Canada either a resale exemption is available or application may be made for an exemption from the relevant first trade restrictions in order for the securities issued under the Plan to be freely tradable by Canadian Holders through an exchange or a market outside of Canada or to a person or company outside of Canada.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT HEREBY PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE NEW SENIOR SECURED NOTES OR THE NEW USI HOLDINGS COMMON STOCK, OR THE BANKRUPTCY MATTERS DESCRIBED HEREIN. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, THE DEBTORS ENCOURAGE EACH CREDITOR AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE DEBTORS MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE NEW SENIOR SECURED NOTES OR THE NEW USI HOLDINGS COMMON STOCK.

IX. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE FOLLOWING DISCUSSION SUMMARIZES CERTAIN ANTICIPATED U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTIONS PROPOSED BY THE PLAN TO THE DEBTORS AND HOLDERS OF CLAIMS THAT ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS SUMMARY IS PROVIDED FOR INFORMATION PURPOSES ONLY AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), TREASURY REGULATIONS PROMULGATED THEREUNDER, JUDICIAL AUTHORITIES, AND CURRENT ADMINISTRATIVE RULINGS AND PRACTICE, ALL AS IN EFFECT AS OF THE DATE HEREOF AND ALL OF WHICH ARE SUBJECT TO CHANGE OR DIFFERING INTERPRETATION, POSSIBLY WITH RETROACTIVE EFFECTS THAT COULD ADVERSELY AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES DESCRIBED BELOW.

THIS SUMMARY DOES NOT ADDRESS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A

CLAIM IN LIGHT OF ITS PARTICULAR FACTS AND CIRCUMSTANCES OR TO CERTAIN TYPES OF HOLDERS OF CLAIMS SUBJECT TO SPECIAL TREATMENT UNDER THE CODE (FOR EXAMPLE, NON-U.S. TAXPAYERS, FINANCIAL INSTITUTIONS, BROKER-DEALERS, INSURANCE COMPANIES, TAX-EXEMPT ORGANIZATIONS, AND THOSE HOLDING CLAIMS THROUGH A PARTNERSHIP OR OTHER PASS-THROUGH ENTITY). IN ADDITION, THIS SUMMARY DOES NOT DISCUSS ANY ASPECTS OF STATE, LOCAL, OR NON-U.S. TAXATION AND DOES NOT ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS THAT ARE UNIMPAIRED UNDER THE PLAN, HOLDERS OF CLAIMS THAT ARE NOT ENTITLED TO VOTE UNDER THE PLAN, AND HOLDERS OF CLAIMS THAT ARE NOT ENTITLED TO RECEIVE OR RETAIN ANY PROPERTY UNDER THE PLAN.

THE TAX RULES DESCRIBED HEREIN ARE COMPLEX AND THEIR APPLICATION IS UNCERTAIN IN CERTAIN RESPECTS. EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES (INCLUDING STATE, LOCAL AND NON-U.S.) OF THE PLAN TO SUCH HOLDER.

A SUBSTANTIAL AMOUNT OF TIME MAY ELAPSE BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND THE RECEIPT OF A FINAL DISTRIBUTION UNDER THE PLAN. EVENTS SUBSEQUENT TO THE DATE OF THIS DISCLOSURE STATEMENT, SUCH AS ADDITIONAL TAX LEGISLATION, COURT DECISIONS, OR ADMINISTRATIVE CHANGES, COULD AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER. NO RULING HAS BEEN OR IS EXPECTED TO BE SOUGHT FROM THE INTERNAL REVENUE SERVICE (THE “IRS”) WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OR IS EXPECTED TO BE OBTAINED BY THE DEBTORS WITH RESPECT THERETO.

To ensure compliance with United States Internal Revenue Service Circular 230, (a) any discussion of U.S. federal tax issues in this Disclosure Statement is not intended or written to be relied upon, and cannot be relied upon by Holders, for purposes of avoiding penalties that may be imposed on such Holders under the Code; (b) such discussion is written to support the promotion of the Plan; and (c) each Holder of a claim should seek advice based on such Holder's particular circumstances from an independent tax advisor.

A. U.S. Federal Income Tax Consequences to the Debtors

1. *Consolidated Group*

USI is a member of an affiliated group of corporations that files a consolidated tax return for U.S. federal income tax purposes with USI Holdings as the common parent corporation. USI is the borrower pursuant to the First Lien and Second Lien Credit Agreements and the other Debtors are guarantors under these agreements.

2. *Cancellation of Indebtedness Income*

Under the Code, a taxpayer generally recognizes cancellation of indebtedness (“COD”) income in an amount equal to the difference between the “adjusted issue price” of the

indebtedness discharged and the sum of (i) the amount of any cash, (ii) the “issue price” of any new debt instruments, and (iii) the fair market value of any stock or other property transferred in satisfaction of the discharged indebtedness. COD income also includes any interest that the taxpayer deducted on the accrual method of accounting but remains unpaid at the time the indebtedness is discharged. COD income generally does not include the discharge of indebtedness to the extent payment of the liability would have given rise to a deduction.

USI will realize COD income upon the issuance of the New Senior Secured Notes and New USI Holdings Common Stock in satisfaction of the First Lien Secured Claims in an amount equal to the excess of (i) the adjusted issue price of the First Lien Secured Claims over (ii) the sum of the issue price of the New Senior Secured Notes (as discussed below) and the fair market value of the New USI Holdings Common Stock issued therefore. USI also will realize COD income upon the issuance of New USI Holdings Common Stock in satisfaction of the Second Lien Secured Claims in an amount equal to the excess of (i) the adjusted issue price of the Second Lien Secured Claims over (ii) the fair market value of the New USI Holdings Common Stock issued therefore. USI has estimated that it will realize COD income of approximately \$242 million from the satisfaction of the First Lien Secured Claims and Second Lien Secured Claims, reflecting a valuation of the New USI Holdings Common Stock of \$70 million as a result of the restructuring. USI may also realize COD income upon the satisfaction of Rejection Claims in an amount equal to the excess of the amount of the claim over the cash paid, to the extent that payment of the claim would not give rise to a deduction.

Taxpayers that realize COD income generally are required to include such amounts in gross income for purposes of determining their U.S. federal income tax for the year. However, because USI is under the jurisdiction of the bankruptcy court in a title 11 case, it will not be required to include the COD income in its gross income. Instead, USI and certain other members of the consolidated group will be required to reduce certain tax attributes (e.g., net operating loss and net operating loss carryovers (collectively, “NOLs”), general business credit carryovers and tax basis in property (collectively with NOLs, “Tax Attributes”)) by the amount of the COD income excluded from gross income. The reduction in Tax Attributes occurs on the first day of the taxable year following the taxable year in which such COD income is realized.

An election is available to defer the recognition of the COD income for exchanges occurring in 2009 or 2010. Pursuant to the election, for exchanges occurring in 2009, COD income is deferred until the fifth taxable year following the taxable year in which the exchange creating the COD income occurs. Beginning in that fifth taxable year, the deferred COD income would be includable in the Debtor’s gross income ratably over a five year period. Once made, this election is irrevocable and the exclusion of income described above would not be available (and the reduction in Tax Attributes would not apply). USI does not expect to make this election.

3. *Utilization of NOLs and Net Unrealized Built-in Losses*

In general, when a corporation undergoes an “ownership change,” generally a more than 50 percent increase in the ownership of stock of the common parent by five-percent shareholders at any time during a rolling three year testing period, Section 382 of the Code (“Section 382”) limits the corporation’s ability to utilize its NOLs and, if, at the time of the ownership change, the corporation has a net unrealized built-in loss in its assets (i.e., where the tax basis in its assets exceed their fair market value by more than the lesser of \$10 million or 15

percent of the fair market value of its assets), limits the recognition of those built-in losses upon the sale or depreciation of those assets during the five-year period following the ownership change. USI Holdings will undergo an ownership change as a result of the consummation of the Plan. The annual limitation on a corporation's use of NOLs and certain recognized built-in losses following an "ownership change" is generally equal to the product of the value of the stock of the corporation (with certain adjustments) immediately before the ownership change and the applicable "long-term tax-exempt rate" (currently 4.61% for ownership changes occurring in May of 2009). For these purposes, the annual Section 382 limitation and built-in losses generally are determined on a consolidated group basis as though the consolidated group were one entity.

Section 382 provides a complete exception from the application of the annual Section 382 limitation for corporations under jurisdiction of a court in a title 11 case if certain shareholders and creditors immediately prior to the ownership change own 50 percent or more of the corporation (as a result of being shareholders or creditors prior to the ownership change) immediately thereafter (the "Bankruptcy Exception") and if the corporation does not elect out of this exception. If the Debtors are able to apply the Bankruptcy Exception, there would be no annual limitation on the use of pre-change NOLs or built-in losses to offset post-change income on account of consummation of the Plan; however, the amount of pre-change NOLs available to be carried over to a post-Effective Date year would be reduced by the amount of interest that had been deducted on the debt exchanged for New USI Holdings Common Stock during the taxable year of the Effective Date of the Plan and during the three preceding taxable years (the "Interest Reduction Rule").

If the Bankruptcy Exception does not apply, or the Debtors elect out of it, a special rule under Section 382, applicable to corporations under the jurisdiction of a court in a title 11 case, will apply in calculating the appropriate annual Section 382 limitation. Under this special rule, the annual Section 382 limitation will be calculated by reference to the value of New USI Holdings Common Stock (with certain adjustments) immediately after the Effective Date (as opposed to immediately before the Effective Date).

USI has not analyzed whether it is eligible for the Bankruptcy Exception. Even if USI is eligible for the Bankruptcy Exception, it does not expect to utilize it because the application of the Interest Reduction Rule would substantially reduce or eliminate its NOLs. In addition, the Debtors do not expect to have a net unrealized built-in loss in their assets under Section 382 on the Effective Date of the Plan. USI's NOLs also will be subject to reduction of Tax Attributes as described above under "Cancellation of Indebtedness Income."

4. *U.S. Federal Alternative Minimum Tax*

The Debtors may be subject to the alternative minimum tax (the "AMT") which imposes a tax equal to the amount by which 20% of a corporation's alternative minimum taxable income ("AMTI") exceeds the corporation's regular tax liability. AMTI is calculated pursuant to specific rules in the Code which eliminate or limit the availability of certain tax deductions and which include as income certain amounts not generally included in computing the corporation's regular tax liability (however any COD income excluded from the Debtors' regular taxable income, as described above, would also be excluded from its AMTI). Additionally, a consolidated group with a net unrealized built-in loss in its assets that undergoes an ownership change, within the meaning of section 382, must adjust the tax basis of its assets for AMT

purposes to their fair market values. As stated above, the Debtors do not expect to have a net unrealized built-in loss in their assets on the Effective Date of the Plan.

Any AMT a corporation pays will generally be allowed as a nonrefundable credit against its regular federal income tax liability in future tax years when the corporation is subject to regular federal income tax.

5. *Original Issue Discount (“OID”).*

The New Senior Secured Notes should be treated as issued with OID. An obligation generally is treated as issued with OID if its “stated redemption price at maturity” exceeds its issue price (see “Issue Price of the New Senior Secured Notes” below) by more than a *de minimis* amount. “Stated redemption price at maturity” is the total of all payments provided for by the obligation that are not payments of “qualified stated interest.” “Qualified stated interest” only includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a specified rate. Since USI may satisfy, at its option, the obligation to pay interest through issuing additional notes for up to twelve quarterly interest payments, the interest on the New Senior Secured Notes will not be treated as qualified stated interest and the stated redemption price in the case of the New Senior Secured Notes will therefore include these amounts. Because the New Senior Secured Notes are treated as having OID, OID accrues daily, on a constant yield basis. USI generally will be entitled to a deduction for amounts of OID accrued on the New Senior Secured Notes.

Section 163(e)(5) of the Code defers the deduction of OID by a corporate issuer of a certain type of debt instrument referred to as an applicable high yield debt instrument (an “AHYDO”). If the yield to maturity on an AHYDO is above a certain rate, the AHYDO rules also permanently disallow the deduction of a portion of the OID by the issuer. The American Recovery and Reinvestment Act of 2009 amended Section 163(e)(5) to suspend temporarily the application of the AHYDO rules to any debt obligation issued in a debt-for-debt exchange before January 1, 2010, as long as the new debt instrument is not issued in exchange for an AHYDO and is not issued to a related party within the meaning of Section 108(e)(4) of the Code. USI believes that the First Lien Secured Claims are not subject to the AHYDO rules. Therefore, if the Effective Date of the Plan is prior to January 1, 2010, the New Senior Secured Notes will not be AHYDOs and the deduction of any OID on the New Senior Secured Notes will not be deferred or permanently disallowed under the AHYDO provisions (provided that the Holder of the New Senior Secured Notes is not a related party).

B. U.S. Federal Income Tax Consequences to Claim Holders

1. *Holders of First Lien Secured Claims (Class 5)*

General. While the issue is not free from doubt, the Debtors believe, based on the principles of Revenue Ruling 59-222, that the transactions contemplated by the Plan with respect to the First Lien Secured Claims should be treated for U.S. federal income tax purposes (i) as the exchange of First Lien Secured Claims for the New Senior Secured Notes of USI with the same issue price as such exchanged First Lien Secured Claims and (ii) the deemed issuance by USI of its common stock for the remaining First Lien Secured Claims and the Second Lien Secured Claims followed by the deemed acquisition by USI Intermediate Holdings of such USI common stock in exchange for New USI Holdings Common Stock.

The exchange of First Lien Secured Claims for the New Senior Secured Notes of USI should qualify as a tax-free recapitalization for U.S. federal income tax purposes. Whether the exchange will qualify as a tax-free recapitalization (and the tax consequences of such recapitalization) will depend upon, among other things, whether the First Lien Secured Claims and the New Senior Secured Notes constitute “securities” for U.S. federal income tax purposes.

An instrument constitutes a “security” for these purposes if, based on all the facts and circumstances, the instrument constitutes a meaningful investment in the issuer of the instrument. Although there are a number of factors that may affect the determination of whether a debt instrument is a “security,” one of the most important factors is the original term of the instrument, or the length of time between the issuance of the instrument and its maturity. Generally, corporate debt instruments with an original term of five years or less are not considered securities, while corporate debt instruments with an original term of ten years or more are considered securities. Whether a debt instrument with a term of more than five, but less than ten years is a security is unclear. The First Lien Secured Claims had an original term of seven years. Certain terms including the interest rate and yield of the debt underlying the First Lien Secured Claims were modified in May of 2008. The May 2008 interest rate and yield modifications may have resulted in a deemed exchange for tax purposes of the existing debt for “new” debt, at a point in time where the maturity of the “new” debt was less than five years. The IRS has published a revenue ruling concluding under similar circumstances, that where the existing debt is a security, “new” debt resulting from a deemed exchange arising from an interest rate modification would retain its status as a security, despite there being less than five years remaining until maturity at the time of the exchange. The New Senior Secured Notes have an original term of six years. Because the Debtors believe the First Lien Secured Claims and the New Senior Secured Notes should be treated as securities, the exchange of a portion of the First Lien Secured Claims for the New Senior Secured Notes pursuant to the Plan should constitute a tax-free recapitalization for U.S. federal income tax purposes, and, therefore, a Holder should not recognize any gain or loss realized on such exchange (except that consideration received for a claim for accrued but unpaid interest must be included as current income). A Holder’s tax basis in the New Senior Secured Notes received pursuant to the Plan should generally be equal to the Holder’s adjusted tax basis in the portion of the First Lien Secured Claims exchanged for the New Senior Secured Notes. If a Holder has accrued market discount on its First Lien Secured Claims, such market discount generally would attach to the New Senior Secured Notes received by the Holder (see “Market Discount” below). The holding period for the New Senior Secured Notes received should include the Holder’s holding period of the First Lien Secured Claims exchanged.

As stated above, while the issue is not free from doubt, the Debtors believe that the Holders should be deemed to exchange their remaining First Lien Secured Claims for common stock of USI and then USI Intermediate Holdings should be deemed to acquire the USI common stock in exchange for New USI Holdings Common Stock. Under this recharacterization of the steps, the deemed exchange of USI common stock for the remaining First Lien Secured Claims should be a tax-free recapitalization and the deemed acquisition by USI Intermediate Holdings of the USI common stock for New USI Holdings Common Stock should be a tax-free reorganization under section 368(a)(1)(B) of the Code. As a result, a Holder’s tax basis in the New USI Holdings Common Stock received pursuant to the Plan should be equal to the Holder’s adjusted tax basis in its remaining First Lien Secured Claims. If a Holder has any accrued market discount on its remaining First Lien Secured Claims, any such market discount generally

would attach to the New USI Holdings Common Stock received by the Holder (see “Market Discount” below). The holding period for the New USI Holdings Common Stock received should include the Holder’s holding period of its remaining First Lien Secured Claims.

There is no assurance that the IRS will accept this recharacterization of the transactions. The IRS may assert instead that the transactions should be integrated and treated as a recapitalization of the First Lien Secured Claims for the New Senior Secured Notes and “boot” in the form of New USI Holdings Common Stock. If that treatment prevailed, a Holder would recognize any gain it realized in an amount equal to the lesser of the gain realized or the fair market value of the New USI Holdings Common Stock received, but a Holder would not be able to recognize any loss it realized on the exchange. Alternatively, if the First Lien Secured Claims were not treated as securities, or if the New Senior Secured Notes were not treated as securities and the principles of Revenue Ruling 59-222 did not apply, a Holder would recognize a gain or loss equal to the difference between (i) the sum of the fair market value of the New USI Holdings Common Stock and the issue price of the New Senior Secured Notes received in the exchange and (ii) the Holder’s adjusted basis in its First Lien Secured Claims.

Accrued Interest. The Plan provides that the consideration distributed to Holders of the First Lien Secured Claims is entirely attributed to unpaid principal and no consideration is attributed to accrued but unpaid interest. However, the manner in which consideration is allocated between accrued but unpaid interest and principal for U.S. federal income tax purposes in connection with a debt restructuring under which the full amount of the principal of the debt is not repaid is unclear under present law. If any consideration were attributed to accrued but unpaid interest, a Holder of First Lien Secured Claims would be required to recognize such consideration as ordinary income if such interest income has not already been included in income by the Holder.

Issue Price of the New Senior Secured Notes. The “issue price” of the New Senior Secured Notes will depend on whether the First Lien Secured Claims or the New Senior Secured Notes are “publicly traded”, within the meaning of applicable Treasury Regulations. If either the First Lien Secured Claims or the New Senior Secured Notes are publicly traded, the issue price of the New Senior Secured Notes will be equal to the fair market value of the New Senior Secured Notes (if the New Senior Secured Notes are publicly traded) or the First Lien Secured Claims (if the First Lien Secured Claims are publicly traded) exchanged for the New Senior Secured Notes, in each case on the date of the exchange. If the issue price of the New Senior Secured Notes is determined under the rules applicable to public trading and the issue price is less than \$22.5 million, there will be additional OID (as defined below) includable in the income of a Holder on the New Senior Secured Notes equal to the excess of \$22.5 million over the issue price. If neither the First Lien Secured Claims nor the New Senior Secured Notes are publicly traded, the issue price of the New Senior Secured Notes will be equal to its stated principal amount. While the Debtors intend to take the position that the First Lien Secured Claims and the New Senior Secured Notes are not publicly traded, the application of the relevant Treasury Regulations is uncertain and the Debtors’ position may not prevail.

Market Discount. A holder is generally required to include accrued market discount (as defined below) as ordinary income upon the disposition of a debt instrument. If the exchange of First Lien Secured Claims for the New Senior Secured Notes and the exchange of First Lien Secured Claims for New USI Holdings Common Stock are treated as received in connection with tax-free reorganizations as discussed above, a Holder who acquired a First Lien

Secured Claim after its original issuance at a market discount (generally defined as the amount by which a Holder's tax basis in a debt obligation immediately after its acquisition is exceeded by the adjusted issue price of the debt obligation at such time, subject to a *de minimis* exception) generally will carry forward the market discount accrued during the Holder's period of ownership (unless such Holder elected to include the market discount in income as it accrued) to the New Senior Secured Notes and New USI Holdings Common Stock. Such accrued market discount carried forward will be recognized in accordance with the market discount rules as payments are received on a later payment of principal or disposition of the New Senior Secured Notes or on a disposition of the New USI Holdings Common Stock. If the First Lien Secured Claims or the New Senior Secured Notes are treated as "publicly traded" and, therefore, the issue price of the New Senior Secured Notes is below the stated principal amount of the New Senior Secured Notes (see "Issue Price of the New Senior Secured Notes" above), any accrued market discount on the First Lien Secured Claims that is carried forward onto the New Senior Secured Notes is limited to the difference between the issue price and the Holder's tax basis in the New Senior Secured Notes.

OID with respect to the New Senior Secured Notes. The New Senior Secured Notes should be treated as issued with OID in an amount equal to the excess of its "stated redemption price at maturity" (as discussed above under "Original Issue Discount ("OID")") over its issue price. OID accrues daily, on a constant yield basis. The amount of OID includable in income by the Holder of the New Senior Secured Notes is the sum of the daily portions of OID that have accrued with respect to each day during the taxable year on which the Holder held such note. Accordingly, Holders may have to include OID in income before the receipt of cash attributable to such income. For purposes of determining the yield to maturity, under applicable Treasury Regulations it is assumed that USI exercises (or does not exercise) an option to defer a payment of interest in cash in a manner that would minimize the yield to maturity. If USI actually deferred an interest payment, solely for purposes of computing OID, the New Senior Secured Notes would be deemed to be retired and reissued at their adjusted issue price.

2. Holders of Second Lien Secured Claims (Class 6)

General. As discussed above, while the issue is not free from doubt, the Debtors believe, based on the principles of Revenue Ruling 59-222, that the transactions contemplated by the Plan with respect to the Second Lien Secured Claims should be treated for U.S. federal income tax purposes as the deemed issuance by USI of its common stock for the Second Lien Secured Claims and certain First Lien Secured Claims followed by the deemed acquisition by USI Intermediate Holdings of such common stock of USI in exchange for New USI Holdings Common Stock. Under this recharacterization of the steps, the deemed exchange of USI common stock for the Second Lien Secured Claims should be a tax-free recapitalization and the deemed acquisition by USI Intermediate Holdings of the USI common stock for New USI Holdings Common Stock should be a tax-free reorganization under section 368(a)(1)(B) of the Code.

A Holder's tax basis in the New USI Holdings Common Stock received pursuant to the Plan should be equal to the Holder's adjusted tax basis of its Second Lien Secured Claims. If a Holder has accrued market discount on its Second Lien Secured Claims, any such market discount generally would attach to the New USI Holdings Common Stock received by the Holder (as discussed above in "Market Discount"). The holding period for the New USI

Holdings Common Stock received in respect of Second Lien Secured Claims should include the Holder's holding period of such Second Lien Secured Claims exchanged.

There is no assurance that the IRS will accept this recharacterization of the transactions. The IRS may assert instead that the transaction should be viewed as a taxable exchange by USI of New USI Holdings Common Stock for Second Lien Secured Claims. If that treatment prevailed, a Holder would recognize gain or loss equal to the difference between the fair market value of the New USI Holdings Common Stock received and the adjusted tax basis in its Second Lien Secured Claims.

Accrued Interest. The Plan provides that the consideration distributed to the Holders of the Second Lien Secured Claims is entirely attributed to unpaid principal and no consideration is attributed to accrued but unpaid interest. However, the manner in which the consideration is allocated between accrued but unpaid interest and principal for U.S. federal income tax purposes in connection with a debt restructuring under which the full amount of the principal of the debt is not repaid is unclear under present law. If any consideration were attributed to accrued but unpaid interest, a Holder of Second Lien Secured Claims would be required to recognize such consideration as ordinary income if such interest income has not already been included in income by the Holder.

C. Other Tax Matters

1. *Information Reporting and Backup Withholding*

Certain payments, including certain distributions pursuant to the Plan, payments of interest on the New Senior Secured Notes, payments of dividends, if any, on the New USI Holdings Common Stock and the proceeds from the sale or other taxable disposition of the New Senior Secured Notes or the New USI Holdings Common Stock, may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding (at the then applicable rate (currently 28%)) unless the taxpayer: (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (ii) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Both the Debtors and any "significant holder" of First Lien Secured Claims or Second Lien Secured Claims, defined as a holder of securities in USI with a tax basis of \$1 million or more, are required, pursuant to Treasury Regulations, to include a statement with their tax returns for the taxable year of the exchange setting forth information, as specified in the Treasury Regulations, pertaining to the reorganizations. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

2. *Importance of Obtaining Professional Tax Assistance*

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS

NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS SHOULD CONSULT THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

X. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

A. Feasibility of the Plan

In connection with confirmation of the Plan, the Bankruptcy Court will be required to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors.

To support their belief in the feasibility of the Plan, the Debtors have prepared and relied upon the Projections, which are annexed to this Disclosure Statement as Appendix B.

The Projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their debt obligations and to fund their operations. Accordingly, the Debtors believe that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

The Projections were developed by Senior Management in consultation with the Debtors' financial advisor. Collectively, Senior Management possesses decades of experience in the Debtors' industry, and the Projections rely, in part, on the judgment developed through that experience. In addition, they are based on Senior Management's knowledge of the Debtors' businesses and customers, and by reference to publicly available projections for industry revenue growth.

The Projections, however, are based upon numerous assumptions that are an integral part of the Projections, including, without limitation, confirmation and consummation of the Plan in accordance with its terms, realization of the Debtors' operating strategy for the Reorganized Debtors, industry performance, no material adverse changes in applicable legislation or regulations, or the administration thereof, exchange rates or generally accepted accounting principles, general business and economic conditions, competition, absence of material contingent or unliquidated litigation, indemnity or other claims, and other matters. To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and the assumptions on which they are based are considered reasonable by the Debtors, the assumptions and estimates underlying the Projections are subject to business, economic and competitive uncertainties and contingencies. Accordingly, the Projections are only an educated, good faith estimate and are necessarily contingent in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and may be adverse. The Projections should therefore not be regarded as a guaranty by the Debtors or any other Person that the results set forth in the Projections will be achieved. The Projections were prepared by the Debtors, and not by any of their creditors, and the Debtors' creditors make no

representations concerning the reasonableness of the Projections. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The projected financial information contained herein and in the Projections should not be regarded as a representation or warranty by the Debtors, the Debtors' advisors or any other Person that the Projections can or will be achieved. The Projections should be read together with the assumptions set forth in the Projections and information in Article VII of this Disclosure Statement entitled "Certain Risk Factors to be Considered," which sets forth important factors that could cause actual results to differ from those in the Projections. The Debtors, however, believe that the Projections are credible and that there is a reasonable likelihood that the results set forth in the Projections can be achieved.

The Debtors do not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of the Projections or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtors do not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This Disclosure Statement and the financial projections contained herein and in the Projections include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact included in this Disclosure Statement are forward-looking statements, including, without limitation, financial projections, the statements, and the underlying assumptions, regarding the timing of, completion of and scope of the current restructuring, the Plan, debt and equity market conditions, the cyclicalities of the Debtors' industry, current and future industry conditions, the potential effects of such matters on the Debtors' business strategy, results of operations or financial position, the adequacy of the Debtors' liquidity and the market sensitivity of the Debtors' financial instruments. The forward-looking statements are based upon current information and expectations. Estimates, forecasts and other statements contained in or implied by the forward-looking statements speak only as of the date on which they are made, are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to evaluate and predict. Although the Debtors believe that the expectations reflected in the forward-looking statements are reasonable, parties are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Certain important factors that could cause actual results to differ materially from the Debtors' expectations or what is expressed, implied or forecasted by or in the forward-looking statements include developments in the Chapter 11 Cases, adverse developments in the timing or results of the Debtors' business plan (including the time line to emerge from chapter 11), the timing and extent of changes in economic conditions, industry capacity and operating rates, the supply-demand balance for the Debtors' services, competitive products and pricing pressures, federal and state regulatory developments, the Debtors' financial leverage, motions filed or actions taken in connection with the bankruptcy proceedings, the availability of skilled personnel, the Debtors' ability to attract or retain high quality employees and operating hazards attendant to the industry. Additional factors that could cause actual results to differ materially from the Projections or what is expressed, implied or forecasted by or in the forward-looking statements are stated herein in cautionary

statements made in conjunction with the forward-looking statements or are included elsewhere in this Disclosure Statement.

B. Acceptance of the Plan

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims vote to accept the Plan, except under certain circumstances.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Thus, Holders of Claims in each of Classes 4, 5, 6 and 7 will have voted to accept the Plan only if two-thirds ($\frac{2}{3}$) in amount and a majority in number of the Claims actually voting in each Class cast their ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan.

C. Best Interests Test

As noted above even if a plan is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The “best interests” test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor were liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor’s assets if its chapter 11 case were converted to a chapter 7 case under the Bankruptcy Code. This “liquidation value” would consist primarily of the proceeds from a forced sale of the debtor’s assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 cases and the chapter 11 cases. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid administrative expenses incurred by the debtors in their chapter 11 cases that are allowed in the chapter 7 cases, litigation costs and claims arising from the operations of the debtor during the pendency of the chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity security interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

D. Liquidation Analysis

For purposes of the best interests test, in order to determine the amount of liquidation value available to Creditors, the Debtors, with the assistance of their financial advisors, prepared a liquidation analysis, annexed hereto as Appendix D (the “Liquidation Analysis”), which concludes that in a chapter 7 liquidation, other than the First Lien Lenders, no Holders of prepetition Claims would receive any recovery whatsoever. The Plan, which proposes to make available Cash proceeds to General Unsecured Creditors, a Cash distribution to Rejection Claims, and four percent (4%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan) to the Second Lien Lenders, thus proposes to distribute more to these classes than the Debtors believe they would receive in a chapter 7 liquidation. Moreover, the Liquidation Analysis projects that the First Lien Lenders’ recovery in a chapter 7 liquidation would be in the range of \$32.8 million to \$51.6 million. The Plan, in contrast, proposes to distribute to the First Lien Lenders with Allowed Class 5 Claims (a) a new \$22,500,000 senior secured note and (b) ninety-six percent (96%) of the new common equity of the reorganized Debtors (which equity issued on the Effective Date is subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan). The Debtors believe that the aggregate value of the consideration provided to the First Lien Lenders under the Plan should far exceed the range that the Liquidation Analysis projects as a recovery to such creditors in a chapter 7 liquidation. Thus the Debtors believe that the First Lien Lenders, too, are better off under the Plan than in a chapter 7 liquidation. These conclusions are premised upon the assumptions set forth in Appendix D, which the Debtors and Alvarez & Marsal believe are reasonable.

The Debtors believe that any liquidation analysis with respect to the Debtors is inherently speculative. The Liquidation Analysis for the Debtors necessarily contains estimates of the net proceeds that would be received from a forced sale of assets and/or business units, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimates are based solely upon the Debtors’ books and records. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtors have projected an amount of Allowed Claims that represents their best estimate of the chapter 7 liquidation dividend to Holders of Allowed Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

E. Application of the “Best Interests” of Creditors Test to the Liquidation Analysis and the Valuation

It is impossible to determine with certainty the value each Holder of a First Lien Secured Claim or Second Lien Secured Claim will receive under the Plan as a percentage of any Allowed Claim. This difficulty in estimating the value of recoveries for such Holders is primarily due to the difficulty in assessing the market for the New USI Holdings Common Stock and predicting whether and for how long the Holders will hold the New USI Holdings Common Stock.

Notwithstanding the difficulty in quantifying recoveries with precision, the Debtors believe that the financial disclosures and projections contained herein imply a greater recovery to Holders of Claims in Impaired Classes than the recovery available in a chapter 7 liquidation. Accordingly, the Debtors believe that the “best interests” test of section 1129 of the Bankruptcy Code is satisfied.

F. Confirmation Without Acceptance of All Impaired Classes: The “Cramdown” Alternative

In the event any Class of Impaired Claims rejects the Plan, the Debtors may seek confirmation of the Plan pursuant to the “cramdown” provisions of the Bankruptcy Code.

Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of a debtor if the plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank. The Debtors believe the Plan does not discriminate unfairly with respect to the Claims and Interests in Classes 5, 6, 7, 8 and 9.

A plan is “fair and equitable” as to holders of unsecured claims that reject the plan if the plan provides either that: (a) each holder of a claim of such class receives or retains on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtors believe that they could, if necessary, meet the “fair and equitable” requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Claims in Classes 4, 5, 6 and 7 and Interests in Class 8.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords Holders of Claims in Classes 5, 6 and 7 the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such Holders. If, however, the requisite acceptances are not received, or the Plan is not confirmed and consummated, the theoretical alternatives include (a) formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code.

A. Alternative Plan(s) of Reorganization

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtors (or, if the Debtors' exclusive periods in which to file and solicit acceptances of a plan of reorganization have expired, any other party in interest) could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plans might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of assets.

The Debtors believe that the Plan enables Creditors to realize the greatest possible value under the circumstances and has the greatest chance to be confirmed and consummated.

B. Liquidation under Chapter 7 or Chapter 11

If no plan is confirmed, the Debtors' cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict with certainty how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtors. It is, however, possible to predict that the First Lien Lenders and Second Lien Lenders would assert that they held security interests in all assets to be liquidated, likely resulting in nothing to distribute to any other Class of Claims or Interests.

The Debtors believe that a liquidation under chapter 7 would cause a substantial diminution in the Debtors' Estates given the substantial premium in the enterprise value of their businesses over the liquidation value of their assets, and the additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees. The assets available for distribution to Creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtors' assets. More importantly, conversion to a chapter 7 liquidation would likely result in the immediate cessation of the Debtors' businesses, as most chapter 7 trustees are disinclined to continue operations.

The Debtors could also be liquidated pursuant to the provisions of a chapter 11 plan of reorganization. In a liquidation under chapter 11, the Debtors' assets could theoretically be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, thus resulting in a potentially greater recovery. Conversely, to the extent the commencement of a liquidation resulted in the Debtors' businesses incurring operating losses, the Debtors efforts to liquidate their assets over a longer period of time could theoretically result in a lower net distribution to Creditors than they would receive through a chapter 7 liquidation.

Nevertheless, because there would be no need to appoint a chapter 7 trustee and hire new professionals, a chapter 11 liquidation might be less costly than a chapter 7 liquidation and thus provide larger net distributions to Creditors than in a chapter 7 liquidation. Any recovery in a chapter 11 liquidation, while potentially greater than in a chapter 7 liquidation, would also be highly uncertain.

The Debtors believe that any liquidation under chapter 11 is a much less attractive alternative to Creditors than the Plan because of the greater return anticipated under the Plan.

XII. THE SOLICITATION; VOTING PROCEDURES

A. Parties in Interest Entitled to Vote

In general, a holder of a claim or interest may vote to accept or to reject a plan if (a) the claim or interest is “allowed,” which means generally that no party in interest has objected to such claim or interest, and (b) the claim or interest is “impaired” by the plan but entitled to receive or retain property under the plan.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be “impaired” under a plan unless (a) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder thereof or (b) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan.

B. Classes Entitled to Vote to Accept or Reject the Plan

Holders of Claims in Classes 5, 6 and 7 are entitled to vote to accept or reject the Plan. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the Plan and each Impaired Class of Claims or Interests that will receive nothing under the Plan is deemed to have rejected the Plan and, therefore, the Holders of Claims or Interests in such Classes are not entitled to vote to accept or reject the Plan. Consequently, Classes 1, 2, 3 and 4 are deemed to have accepted the Plan and Classes 8 and 9 are deemed to have rejected the Plan and, therefore, none of the Holders of Claims or Interests in such Classes are entitled to vote to accept or reject the Plan.

C. Solicitation Order

Upon approval of this Disclosure Statement, the Bankruptcy Court entered an order that, among other things, determines the dates, procedures and forms applicable to the process of soliciting votes on the Plan and establishes certain procedures with respect to the tabulation of such votes (the “Solicitation Order”). Parties in interest may obtain a copy of the Solicitation Order through the Bankruptcy Court’s electronic case filing system, by downloading the Solicitation Order from the Debtors’ case website at www.kccllc.net/usi or by making written request upon the Debtors’ counsel or Voting Agent.

D. Waivers of Defects, Irregularities, Etc.

All questions with respect to the validity, form, eligibility (including time of receipt), acceptance and revocation or withdrawal of ballots will be determined by the Bankruptcy Court. As indicated below under “Withdrawal of Ballots; Revocation,” effective withdrawals of ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to seek rejection of any and all ballots not in proper form. The Debtors further reserve the right to seek waiver of any defects or irregularities or conditions of delivery as to any particular ballot. Neither the Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) may be invalidated by the Bankruptcy Court.

E. Withdrawal of Ballots; Revocation

Any party who has delivered a valid ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must (a) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (b) be signed by the withdrawing party in the same manner as the ballot being withdrawn, (c) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (d) be received by the Voting Agent in a timely manner *via* regular mail, hand delivery or overnight courier at Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245 (Attention: USI Voting Agent). The Debtors intend to consult with the Voting Agent to determine whether any withdrawals of ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of ballots which is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast ballot.

Any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed ballot may revoke such ballot and change its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed ballot is received, only the ballot which bears the latest date will be counted for purposes of determining whether the requisite acceptances have been received.

F. Voting Rights of Disputed Claimants

Holders of Disputed Claims in Classes 5, 6 and 7 whose Claims are (a) asserted as wholly unliquidated or wholly contingent in Proofs of Claim filed prior to the Distribution Record Date or (b) whose Claims are asserted in Proofs of Claim as to which an objection to the entirety of the Claim is pending as of the Distribution Record Date (collectively, the “Disputed Claimants”) are not permitted to vote on the Plan except as provided in the Solicitation Order. Pursuant to the procedures outlined in the Solicitation Order, Disputed Claimants may obtain a

ballot for voting on the Plan only by filing a motion under Bankruptcy Rule 3018(a) seeking to have their Claims temporarily Allowed for voting purposes (a “Rule 3018 Motion”). Any such Rule 3018 Motion must be filed and served upon the Debtors’ counsel and the Voting Agent no later than 5:00 p.m. (Eastern time) on the fourteenth (14th) day after the later of (i) the Solicitation Date and (ii) the date of service of an objection, if any, to such claim. The ballot of any creditor filing such a motion, will not be counted unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing. Any party timely filing and serving a Rule 3018 Motion will be provided a ballot and be permitted to cast a provisional vote to accept or reject the Plan. If and to the extent that the Debtors and such party are unable to resolve the issues raised by the Rule 3018 Motion prior to the Voting Deadline established by the Bankruptcy Court, then at the Confirmation Hearing the Bankruptcy Court will determine whether the provisional ballot should be counted as a vote on the Plan. Nothing herein affects the Debtors’ right to object to any Proof of Claim after the Distribution Record Date. With respect to any such objection, the Debtors may request that any vote cast by the Holder of the Claim subject to the objection be disallowed and not counted in determining whether the requirements of section 1126(c) of the Bankruptcy Code have been met.

G. Further Information; Additional Copies

If you have any questions or require further information about the voting procedures for voting your Claim or about the package of materials you received, or if you wish to obtain an additional copy of the Plan or this Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d) or the Solicitation Order), please contact the Voting Agent at:

If by regular mail, overnight courier or hand delivery:

USI BALLOTS PROCESSING CENTER
C/O KURTZMAN CARSON CONSULTANTS LLC
2335 ALASKA AVENUE
EL SEGUNDO, CA 90245

If by telephone, for U.S. callers only:

USI BALLOTS PROCESSING CENTER
(866) 381-9100

If by telephone, for international callers:

USI BALLOTS PROCESSING CENTER
(310) 823-9000

RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all Holders of Claims in Classes 5, 6 and 7 to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED on or before June ___, 2009, at 5:00 p.m. prevailing Eastern time.

Dated: May 18, 2009

USI SENIOR HOLDINGS, INC.; UNITED
SUBCONTRACTORS, INC.; USI
INTERMEDIATE HOLDINGS, INC.; SAN
GABRIEL INSULATION, INC.;
CONSTRUCTION SERVICES &
CONSULTANTS, INC.; AND TABOR
INSULATION, INC.

By: /s/ Timothy J. Gallagher
Name: Timothy J. Gallagher
Title: Chief Financial Officer

Appendix A

Amended Joint Chapter 11 Plan of Reorganization

attached hereto

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

USI Senior Holdings, Inc., *et al.*,¹

Debtors.

) Chapter 11

) Case No. 09-11150 (MFW)

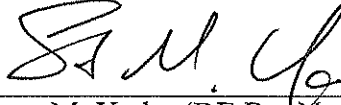
) Jointly Administered

**AMENDED JOINT CHAPTER 11 PLAN OF
REORGANIZATION DATED AS OF MAY 18, 2009**

The above-captioned debtors and debtors in possession hereby submit their Amended Joint Chapter 11 Plan of Reorganization Dated as of May 18, 2009.

Dated: Wilmington, Delaware
May 18, 2009

POTTER ANDERSON & CORROON LLP



Steven M. Yoder (DE Bar No. 3885)

Gabriel R. MacConaill (DE Bar No. 4734)

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-and-

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Chicago, Illinois 60602

Telephone: (312) 962-3550

Facsimile: (312) 962-3551

Counsel for Debtors and Debtors in Possession

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: USI Senior Holdings, Inc. (1964); United Subcontractors, Inc. (2162); USI Intermediate Holdings, Inc. (2073); San Gabriel Insulation, Inc. (8715); Construction Services & Consultants, Inc. (8848); and Tabor Insulation, Inc. (8179).

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ARTICLE I DEFINITIONS, INTERPRETATION AND EXHIBITS.....1

Section 1.01. Definitions. Unless the context requires otherwise, the following terms shall have the following meanings whether presented in the Plan or the Disclosure Statement with initial capital letters or otherwise. As used herein:1

Section 1.02. Rules of Interpretation. All references to “the Plan” herein shall be construed, where applicable, to include references to this document and all its exhibits, appendices, schedules and annexes, if any (and any amendments thereto made in accordance with the Bankruptcy Code), including the Plan Supplement. Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular paragraph, subparagraph, or clause contained in the Plan. The words “includes” and “including” are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included. The captions and headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Any term used in the Plan that is not defined in the Plan, either in Article I hereof or elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in (and shall be construed in accordance with the rules of construction under) the Bankruptcy Code or the Bankruptcy Rules (with the Bankruptcy Code controlling in the case of a conflict or ambiguity). Without limiting the preceding sentence, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Plan, unless superseded herein. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) and Section 13.18 hereof shall apply, but Bankruptcy Rule 9006(a) shall govern.14

Section 1.03. Exhibits. All Exhibits to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full herein, regardless of when Filed.14

ARTICLE II CLASSIFICATION OF CLAIMS AND INTERESTS.....14

Section 2.01. Generally. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Interests. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent the Claim or Interest qualifies within the description of that different Class. A Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not

been paid, released, settled or otherwise satisfied prior to the Effective Date. 14

Section 2.02. Unclassified Claims. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are excluded from the Classes designated in this Article II of the Plan. The treatment accorded Administrative Claims and Priority Tax Claims is set forth in Article III of the Plan. 14

Section 2.03. Unimpaired Classes. The Plan classifies the following Unimpaired Claims and Unimpaired Interests that are not entitled to vote on the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of a Claim or Interest in the following Classes is conclusively presumed to have accepted the Plan in respect of such Claims or Interests and is not entitled to vote to accept or reject the Plan:15

Section 2.04. Impaired Classes Entitled to Vote. The Plan classifies the following Classes as the only Impaired Classes that may receive a distribution under the Plan and that are entitled to vote to accept or reject the Plan: 15

Section 2.05. Impaired Classes Deemed to Reject. The Plan classifies the following Impaired Classes of Interests and Claims as Impaired Classes that are not entitled to vote on the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, each Holder of an Interest or Claim in these Classes is conclusively presumed to have rejected the Plan in respect of such Interests or Claims, because the Plan does not entitle the Holders of such Interests and Claims to receive or retain any property under the Plan on account of such Interests or Claims. Accordingly, Holders of such Interests and Claims are not entitled to vote to accept or reject the Plan:15

ARTICLE III PROVISIONS FOR TREATMENT OF CLASSES OF CLAIMS AND INTERESTS16

Section 3.01. Satisfaction of Claims and Interests. The treatment of and consideration to be received by Holders of Allowed Claims or Allowed Interests pursuant to this Article III and the Plan shall be in full satisfaction, settlement, release, extinguishment and discharge of their respective Claims against or Interests in the Debtors and the Debtors' respective Estates, except as otherwise provided in the Plan or the Confirmation Order.....16

Section 3.02. Unclassified Claims, Classified Unimpaired and Impaired Claims and Classified Interests. Administrative Claims and Priority Tax Claims are treated in accordance with section 1129(a)(9)(A) and section 1129(a)(9)(C) of the Bankruptcy Code, respectively. Such Claims are Unimpaired under the Plan and, in accordance with section 1123(a)(1) of the Bankruptcy Code, are not designated as Classes of Claims for purposes of this Plan and for purposes of sections 1123, 1124, 1126 and 1129 of the Bankruptcy Code. In addition, Class 1 Claims, Class 2 Claims, Class 3 Interests, and Class 4 Claims are classified as Classes of Claims and Interests that are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the Holders of Claims or Interests in such Classes are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Class 5 Claims, Class 6 Claims, and Class 7 Claims are Impaired and the Holders thereof

are entitled to vote to accept or reject the Plan. Class 8 Interests and Class 9 Claims are Impaired under the Plan and the Holders thereof will receive no distribution on account of their respective Interests and Claims and, pursuant to section 1126(g) of the Bankruptcy Code, such Holders are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.16

Section 3.03. Administrative Claims. Administrative Claims are Unimpaired. Unless otherwise provided for herein, each Holder of an Allowed Administrative Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Administrative Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such Administrative Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order; provided, however, that Allowed Administrative Claims representing (i) liabilities, accounts payable or other Claims, or obligations incurred in the ordinary course of business of the Debtors consistent with past practices subsequent to the Petition Date, or (ii) contractual liabilities incurred subsequent to the Petition Date, whether or not incurred in the ordinary course of business, shall be paid or performed by the Debtors or the Reorganized Debtors in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements relating thereto.....16

Section 3.04. Priority Tax Claims. Priority Tax Claims are Unimpaired. Each Holder of an Allowed Priority Tax Claim shall receive, at the option of the Debtors or the Reorganized Debtors, as the case may be, in full satisfaction, settlement, release, extinguishment and discharge of such Priority Tax Claim: (a) the amount of such unpaid Allowed Priority Tax Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Priority Tax Claim becomes Allowed and (iii) a date agreed to by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such Priority Tax Claim; (b) equal Cash payments from the Reorganized Debtors made on the last Business Day of every three (3) month period following the Effective Date, over a period not exceeding five (5) years after the assessment of the tax on which such Priority Tax Claim is based, totaling the principal amount of such Priority Tax Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate publicly quoted on the Effective Date for obligations backed by the full faith and credit of the United States of America maturing in ninety (90) days; or (c) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Priority Tax Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order. The Debtors or the Reorganized Debtors, as the case may be, shall have the right, in their sole discretion, to prepay at any time, in whole or in part, any Allowed Priority Tax Claim without premium or penalty of any sort or nature.....16

Section 3.05. Class 1: Miscellaneous Secured Claims. Class 1 Miscellaneous Secured Claims are Unimpaired. Each Holder of an

Allowed Class 1 Miscellaneous Secured Claim shall receive, in the sole discretion of the Debtors or the Reorganized Debtors, as the case may be, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) Cash equal to the amount of such Allowed Miscellaneous Secured Claim on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Miscellaneous Secured Claim becomes Allowed, and (iii) a date agreed to by the Debtors or the Reorganized Debtors, as the case may be, and the Holder of such Class 1 Miscellaneous Secured Claim; (b) treatment such that such Miscellaneous Secured Claim is Reinstated; (c) the Property securing such Miscellaneous Secured Claim; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.17

Section 3.06. Class 2: Miscellaneous Priority Claims. Class 2 Miscellaneous Priority Claims are Unimpaired. Each Holder of an Allowed Class 2 Miscellaneous Priority Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 2 Claim becomes Allowed, and (iii) a date agreed to by the Debtors or the Reorganized Debtors, as the case may be, and the Holder of such Class 2 Miscellaneous Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order. 17

Section 3.07. Class 3: Subsidiary Interests. Class 3 Interests are Unimpaired and the Holders thereof are deemed to have accepted the Plan. Each Holder of an Allowed Interest in Class 3 shall retain such Interest and its respective share or shares of common stock of the Subsidiary Debtors representing such Interest, but such Holder shall receive no distribution under the Plan on account of such Interest.17

Section 3.08. Class 4: General Unsecured Claims. Class 4 General Unsecured Claims are Unimpaired. Each Holder of an Allowed General Unsecured Claim not satisfied as of the Effective Date of the Plan shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such General Unsecured Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such General Unsecured Claim; (b) treatment such that such General Unsecured Claim is Reinstated; or (c) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.17

Section 3.09. Class 5: First Lien Secured Claims. Class 5 First Lien Secured Claims are Impaired. On the Effective Date, the Holders of Allowed First Lien Secured Claims shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claims, their

“pro rata” share (determined by dividing each such Holder’s Allowed First Lien Secured Claim, as the case may be, by the sum of all Allowed First Lien Secured Claims) of (a) ninety-six percent (96%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan), and (b) the New Senior Secured Term Loan. The number of shares of New USI Holdings Common Stock to be issued to First Lien Lenders and the amount of the New Senior Secured Term Loan to be allocated to First Lien Lenders shall assume that all First Lien Letters of Credit have been drawn as of the Effective Date. For purposes of this Section 3.09, “pro rata” shall mean the ratio of (x) the First Lien Secured Claim held by a First Lien Lender, exclusive of Claims of the First Lien Revolving Lenders with respect to First Lien Letters of Credit that are undrawn as of the Effective Date, to (y) the aggregate amount of all First Lien Secured Claims, including Claims with respect to First Lien Letters of Credit, whether or not drawn as of the Effective Date. If any First Lien Letters of Credit remaining outstanding as of the Effective Date are drawn after the Effective Date, the First Lien Revolving Lenders shall receive, with respect to the Claims resulting from such drawing, their pro rata share of the New USI Holdings Common Stock and the New Senior Secured Term Loan equal to the shares they would have received if such First Lien Letter of Credit were drawn prior to the Effective Date. If any First Lien Letter of Credit remains outstanding and expires, terminates or is returned undrawn, then the First Lien Lenders, other than the First Lien Revolving Lenders, shall receive additional shares of the New USI Holdings Common Stock and New Senior Secured Term Loan in the amounts they would have received if such First Line Letter of Credit had expired, terminated or been returned undrawn prior to the Effective Date. Notwithstanding the foregoing, each Holder of an Allowed First Lien Secured Claim shall execute and deliver: (i) the New Shareholder Agreement prior to receiving any New Common Stock and (ii) the New Senior Credit Agreement prior to receiving any portion of New Senior Secured Term Loan. If any such Holder has not executed and delivered (i) the New Shareholder Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any distribution of the New Common Stock and such Holder’s share of the New Common Stock will be distributed pro rata to the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Shareholder Agreement, and (ii) the New Senior Credit Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any portion of the New Senior Secured Term Loan and such Holder's share of the New Senior Secured Term Loan shall be allocated among the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Senior Credit Agreement.18

Section 3.10. Class 6: Second Lien Secured Claims. Class 6 Second Lien Secured Claims are Impaired. On the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Class 6 Second Lien Secured Claim shall receive its pro rata share (determined by dividing such Holder’s Allowed Second Lien Secured Claim by the sum of all Allowed Second Lien Secured Claims) of four percent (4%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock

allocated to the New Management Incentive Plan). Notwithstanding the foregoing, each Holder of an Allowed Second Lien Secured Claim shall execute and deliver the New Shareholder Agreement prior to receiving any New Common Stock. If any such Holder has not executed and delivered the New Shareholder Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any distribution of the New Common Stock and such Holder's share of the New Common Stock will be distributed pro rata to the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Shareholder Agreement.19

Section 3.11. Class 7: Rejection Claims. Class 7 Rejection Claims are Impaired. On the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Class 7 Rejection Claim shall receive their pro-rata share (determined by dividing each such Holder's Allowed Rejection Claim, as the case may be, by the sum of all Allowed Rejection Claims) of the lesser of (i) \$125,000, or (ii) five percent (5%) of the aggregate amount of all Allowed Rejection Claims.19

Section 3.12. Class 8: Old USI Holdings Common Stock and Interests. Class 8 Old USI Holdings Common Stock and Interests are Impaired. Holders of Class 8 Old USI Holdings Common Stock and Interests shall not receive or retain any property under the Plan on account of such Old USI Holdings Common Stock and Interests. On the Effective Date, all Old USI Holdings Common Stock and Interests shall be cancelled.19

Section 3.13. Class 9: Insider Claims. Class 9 Insider Claims are Impaired. Holders of Class 9 Insider Claims shall not receive or retain any property under the Plan on account of such Insider Claims. On the Effective Date, all Insider Claims shall be extinguished.19

ARTICLE IV ACCEPTANCE OR REJECTION OF THE PLAN; CRAMDOWN20

Section 4.01. Acceptance by Impaired Classes of Claims and Interests. Pursuant to section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if: (a) the Holders of at least two-thirds (2/3) in dollar amount of the Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the Plan, and (b) more than one-half (1/2) in number of the Holders of such Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the Plan. No Class of Interests is entitled to vote on the Plan pursuant to section 1126 of the Bankruptcy Code.20

Section 4.02. Voting Classes. Except as otherwise required by the Bankruptcy Code or the Bankruptcy Rules or as otherwise provided in this Section 4.02, the Holders of Claims in Classes 5, 6, and 7 shall be entitled to vote to accept or reject the Plan in accordance with Section 4.01 of the Plan. Classes of Claims and Interests Unimpaired under the Plan (Miscellaneous Secured Claims (Class 1), Miscellaneous Priority Claims (Class 2), Subsidiary Interests (Class 3) and General Unsecured Claims (Class 4)) shall not be entitled to vote to accept or reject the Plan, and shall be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. The Class of Interests and Class

of Claims that are Impaired that are receiving no distribution under the Plan, Old USI Holdings Common Stock and Interests (Class 8) and Insider Claims (Class 9), shall not be entitled to vote to accept or reject the Plan and shall be conclusively presumed to have rejected the Plan. Administrative Claims and Priority Tax Claims are Unimpaired and not classified under the Plan and hence are not entitled to vote to accept or reject the Plan.20

Section 4.03. Ballot Instructions. Each Holder of a Claim entitled to vote on the Plan will be asked to complete and return a Ballot to the Voting Agent, which will compile the votes so received. Any questions as to the validity, form, and eligibility (including time of receipt) of Ballots will be resolved by the Bankruptcy Court upon application or at the Confirmation Hearing. 20

Section 4.04. Cramdown. If all applicable requirements for Confirmation of the Plan are met as set forth in section 1129(a)(1) through (13) of the Bankruptcy Code except subsection (8) thereof, the Debtors intend to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the requirements of section 1129(a)(8) thereof, on the bases that the Plan is fair and equitable, and does not discriminate unfairly, with respect to each Class of Claims or Interests that is Impaired under, and has not accepted or is deemed to have rejected, the Plan.....20

ARTICLE V PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN.....20

Section 5.01. Timing of Distributions. Except as set forth in Section 5.03 below, distributions of Property will be made to Holders of Allowed Claims and Allowed Interests in accordance with Article III of the Plan. If a Claim or Interest is not an Allowed Claim or an Allowed Interest as of the applicable distribution date, distributions will be made only if and when the Claim or Interest is Allowed, and then in accordance with Article III of the Plan and, with respect to the cure of defaults for assumed executory contracts and unexpired leases, Section 6.02 of the Plan, and in each case, subject to Article VIII of the Plan.....20

Section 5.02. Distributions to Holders of Allowed Claims. Except for distributions to Holders of Allowed Claims in Classes 5, 6, and 7, which will be made in accordance with Sections 3.09 through 3.11 of the Plan, on the Effective Date, the Reorganized Debtors shall deliver to the Disbursing Agent sufficient Cash to make the distributions to be made on the Effective Date to the Holders of Allowed Claims entitled to receive Cash in accordance with Article III of the Plan. Payments and other distributions to be made pursuant to the Plan will be available from the funds held by the Reorganized Debtors as of the Effective Date. If any dispute arises as to the identity of a Holder of an Allowed Claim who is to receive any distribution, the Reorganized Debtors shall, in lieu of making such distribution to such Holder, delay such distribution until the disposition thereof shall be determined by Final Order of the Bankruptcy Court or by written agreement among the interested parties to such dispute. 21

Section 5.03. Delivery of Distributions. Except for distributions to (a) Holders of Allowed First Lien Secured Claims, which shall be made to the First Lien Agent for the benefit of such Holders, and (b) Holders of

Allowed Second Lien Secured Claims, which shall be made to the Second Lien Agent for the benefit of such Holders, distributions to Holders of Allowed Claims shall be made by the Disbursing Agent: (i) at the last known addresses of such Holders or (ii) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Disbursing Agent is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest. All distributions pursuant to the Plan shall be at the Reorganized Debtors' expense. 21

Section 5.04. Method of Cash Distributions. Any Cash payment to be made pursuant to the Plan may be made by Cash, draft, check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law at the option of the Reorganized Debtors.21

Section 5.05. Failure to Negotiate Checks. Checks issued in respect of distributions under the Plan shall be null and void if not negotiated within sixty (60) days after the date of issuance. Any amounts returned to the Reorganized Debtors in respect of such non-negotiated checks shall be held by the Reorganized Debtors, as appropriate. Requests for reissuance for any such check shall be made directly to the Reorganized Debtors by the Holder of the Allowed Claim with respect to which such check originally was issued. All amounts represented by any voided check will be held until the later of one (1) year after (a) the Effective Date or (b) the date that a particular Claim is Allowed, and all requests for reissuance by the Holder of the Allowed Claim in respect of a voided check are required to be made prior to such date. Thereafter, all such amounts shall be deemed to be Unclaimed Property, in accordance with Section 5.06 of the Plan, and all Holders of Claims in respect of void checks shall be forever barred, estopped and enjoined from asserting a claim to such funds in any manner against the Debtors or their respective assets or the Reorganized Debtors or their respective assets.....21

Section 5.06. Unclaimed Distributions. All Property distributed on account of Claims must be claimed within the later of (a) one (1) year after the Effective Date or (b) one (1) year after such distribution is made to such Holder or, in the case of a distribution made in the form of a check, must be negotiated and a request for reissuance be made as provided for in Section 5.05 of the Plan. All Unclaimed Property will be retained by and will revert in the Reorganized Debtors and will no longer be subject to distribution. All full or partial payments made by the Disbursing Agent and received by the Holder of a Claim prior to the Effective Date will be deemed to be payments under the Plan for purposes of satisfying the obligations of Debtors pursuant to the Plan. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim other than by reviewing the records of the Reorganized Debtors and any Claims filed in these cases. Pursuant to section 1143 of the Bankruptcy Code, all claims in respect of Unclaimed Property shall be deemed Disallowed and the Holder of any Claim Disallowed in accordance with this Section 5.06 will be forever barred, expunged, estopped and enjoined from asserting such Claim in any manner against the Debtors or their respective assets or the Reorganized Debtors or their respective assets.22

Section 5.07.	<u>Limitation on Distribution Rights.</u> If a claimant holds more than one Claim in any one Class, all Claims of the claimant in that Class will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.....	22
Section 5.08.	[Intentionally omitted.]	22
Section 5.09.	<u>Compliance With Tax Requirements.</u> In connection with each distribution with respect to which the filing of an information return (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the Reorganized Debtors shall file such information return with the Internal Revenue Service and provide any required statements in connection therewith to the recipients of such distribution or effect any such withholding and deposit all moneys so withheld as required by law. With respect to any Person from whom a tax identification number, certified tax identification number or other tax information required by law to avoid withholding has not been received by the Reorganized Debtors within thirty (30) days from the date of such request, the Reorganized Debtors may, at their option, withhold the amount required and distribute the balance to such Person or decline to make such distribution until the information is received.....	22
Section 5.10.	[Intentionally omitted.]	22
Section 5.11.	<u>Documentation Necessary to Release Liens.</u> Each Creditor which is to receive a Cash distribution under the Plan in full satisfaction of a Secured Claim shall not receive such distribution until such Creditor executes and delivers any documents necessary to release all Liens arising under any applicable security agreement or non-bankruptcy law (in recordable form if appropriate) in connection with such Secured Claim and such other documents as the Debtors or the Reorganized Debtors, as applicable, may reasonably request or otherwise turns over and releases any and all Property of the Debtors that secures or purportedly secures such Claim. Any such holder that fails to execute and deliver such release of liens within 120 days of the Effective Date shall be deemed to have no further Claim against the Debtors, the Reorganized Debtors or their assets or Property in respect of such Claim and shall not participate in any distribution hereunder on account of such Claim. Notwithstanding the immediately preceding sentence, any such Holder of a Disputed Claim shall not be required to execute and deliver such release until at least the date that is 30 days after the date on which such Claim is Allowed or Disallowed. 22	

**ARTICLE VI EXECUTORY CONTRACTS AND UNEXPIRED LEASES;
INDEMNIFICATION OBLIGATIONS; BENEFIT PROGRAMS**

23

Section 6.01.	<u>Treatment of Executory Contracts and Unexpired Leases.</u> Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any person or Entity shall be deemed assumed by the Debtors as of the Effective Date, except for any executory contract or unexpired lease that (a) has expired or terminated pursuant to its own terms, (b) has previously been assumed, assumed and assigned, or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (c) is the subject of a pending motion to assume, assume and assign, or reject as of the Confirmation Date, or (d) is listed on the Schedule of Rejected
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Contracts which shall be included with the Plan Supplement; provided, however, that the Debtors shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Rejected Contracts upon notice to the counterparty to such contract or lease (a) to delete any executory contract or unexpired lease listed therein, thus providing for its assumption pursuant to this Section 6.01 or (b) to add any executory contract or unexpired lease thereto, thus providing for its rejection pursuant to this Section 6.01. The Confirmation Order (except as otherwise provided therein) shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, effective as of the Effective Date, approving the assumptions and rejections hereunder. Each contract and lease assumed pursuant to this Section 6.01 shall be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Assumption of a contract or lease pursuant to this Section 6.01 shall not constitute an admission by the Debtors or the Reorganized Debtors that such contract or lease is an executory contract or unexpired lease or that the Debtors or the Reorganized Debtors have any liability thereunder. All executory contracts and unexpired leases that are assumed will be assumed under their present terms or upon such terms as are agreed to in writing between the applicable Debtor and the counterparty to the executory contract or unexpired lease. Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include: (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.23

Section 6.02. Cure of Defaults for Assumed Contracts and Leases.

Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any person or Entity shall be deemed assumed by the Debtors as of the Effective Date, except for any executory contract or unexpired lease that (a) has expired or terminated pursuant to its own terms, (b) has previously been assumed, assumed and assigned, or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (c) is the subject of a pending motion to assume, assume and assign, or reject as of the Confirmation Date, or (d) is listed on the Schedule of Rejected Contracts which shall be included with the Plan Supplement; provided, however, that the Debtors shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Rejected Contracts upon notice to the counterparty to such contract or lease (a) to delete any executory contract or unexpired lease listed therein, thus providing for its assumption pursuant to this Section 6.01 or (b) to add any executory contract or unexpired lease thereto, thus providing for its rejection pursuant to this Section 6.01. Within fifteen (15) days of the Effective Date, the Debtors shall pay to the nondebtor parties to such executory contracts and unexpired leases being assumed the cure amounts. The

nondebtor parties to such executory contracts and unexpired leases shall have thirty (30) days from receipt of such cure amounts to object thereto. If any objections are filed, and cannot be resolved by agreement, the Bankruptcy Court shall hold a hearing to determine the cure amount with respect to the executory contract or unexpired lease subject to the objection or to otherwise resolve such objection. Any party failing to object (whether to the proposed cure amount or otherwise) within thirty (30) days after receipt of the cure amount by the Reorganized Debtors shall be forever barred from asserting, collecting, or seeking to collect from the Reorganized Debtors any amounts in excess of the cure amount or from otherwise objection to the assumption, by the Debtors, of such executory contract or unexpired lease. Notwithstanding the foregoing, or anything else in this Article VI, with respect to any executory contract or unexpired lease which is the subject of an objection, the Reorganized Debtors shall retain the right, until five (5) Business Days after any order resolving the objection becomes a Final Order, to reject such executory contract or unexpired lease.23

Section 6.03. Resolution of Objections to Assumption of Executory Contracts and Unexpired Leases. Any party objecting to the Debtors' proposed assumption of an executory contract or unexpired lease on any grounds other than the proposed cure amount, including, without limitation, the ability of the Reorganized Debtors to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed shall File and serve on counsel for the Debtors a written Objection to the assumption of such contract or lease not later than thirty (30) days from service of notice of the Debtors' intent to assume such executory contract or unexpired lease. Service of such notice shall be sufficient if served on the other party to the executory contract or unexpired lease at the address indicated on (a) the contract or lease, (b) any proof of claim filed by such other party in respect of such contract or lease, or (c) the Reorganized Debtors' books and records; provided, however, that if such a notice is served by the Reorganized Debtors to one of the foregoing addresses and is promptly returned as undeliverable, the Reorganized Debtors shall attempt reservice of the notice on an alternative address, if any, from the above listed sources. Failure to File an Objection within the time period set forth above shall constitute an acknowledgement of the assumption and revestment of such contract or lease, subject to payment of the cure amount, if any, including an acknowledgment that the proposed assumption provided adequate assurance of future performance. To the extent that any Objections to the assumption of a contract or lease are timely Filed and served and such Objections are not resolved between the Debtors and the objecting parties, the Bankruptcy Court shall resolve such disputes at the Confirmation Hearing or as soon as reasonable practicable thereafter. Notwithstanding the foregoing, or anything else in this Article VI, with respect to any executory contract or unexpired lease which is subject to an objection, the Reorganized Debtors shall retain the right, until five (5) Business Days after any order resolving the objection becomes a Final Order, to reject such executory contract or unexpired lease. 24

Section 6.04. Bar Date for Rejection Claims. Rejection Claims arising out of the rejection of any executory contract or unexpired lease pursuant

to Section 6.01 hereof must be filed with the Bankruptcy Court no later than the later of (a) twenty (20) days after the Effective Date, or (b) thirty (30) days after the entry of an order rejecting such executory contract or unexpired lease. Any Claim not filed within such time period shall be forever barred. The Reorganized Debtors shall have the exclusive right to object to any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the terms of Section 8.05 of this Plan.25

Section 6.05. Treatment of Rejection Claims. The Bankruptcy Court shall determine any objections Filed in accordance with Section 8.05 hereof at a hearing to be held on a date to be determined by the Bankruptcy Court. Subject to any statutory limitation, including, but not limited to the limitations contained in sections 502(b)(6) and 502(b)(7) of the Bankruptcy Code, any Claims arising out of the rejection of executory contracts and unexpired leases shall, pursuant to section 502(g) of the Bankruptcy Code, be Impaired and treated as Class 7 Rejection Claims in accordance with Section 3.11 of the Plan.25

Section 6.06. Executory Contracts and Unexpired Leases Entered Into and Other Obligations Incurred After the Petition Date. On the Effective Date, all contracts, leases, and other agreements entered into by any or all of the Debtors on or after the Petition Date, which agreements have not been terminated in accordance with their terms on or before the Effective Date, shall revert in and remain in full force and effect as against the Reorganized Debtors and the other parties to such contracts, leases and other agreements.25

Section 6.07. Reorganized Debtors' Indemnification Obligations. To the extent not inconsistent with the Plan, any obligations of the Debtors, pursuant to their respective articles of incorporation or by-laws, applicable state law or their specific agreement, to indemnify a Person with respect to all present and future actions, suits and proceedings against the Debtors, the Reorganized Debtors or such indemnified Person, based upon any act or omission related to service with, or for or on behalf of, the Debtors or the Reorganized Debtors, shall survive Confirmation of the Plan and shall not be impaired by Confirmation of the Plan, but shall be deemed and treated as executory contracts that are assumed and, as applicable, amended by the Debtors pursuant to the Plan and section 365 of the Bankruptcy Code, except to the extent any such obligation has been released, discharged or modified pursuant to the Plan. Such indemnification obligations shall survive unaffected by the Plan and shall be performed and honored by the Reorganized Debtors. Anything to the contrary notwithstanding, no such indemnification obligation shall survive with respect to Wind Point, any other LC Provider, or any of their respective affiliated entities in any capacity.25

Section 6.08. Benefit Programs. Except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Effective Date, all officer, director or employee compensation and benefit programs of the Debtors entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed under Section 6.01 of the Plan, but only to the extent that rights under such programs are held by the Debtors or Persons who are employees of the Debtors as of the Effective Date, and the Debtors' obligations under such programs to Persons who are

employees of the Debtors on the Effective Date shall survive Confirmation of the Plan, except for (a) any officer, director or employee compensation and benefit program that entitled such Persons to receive or to acquire any Old USI Holdings Common Stock or Interests, (b) executory contracts or plans specifically rejected pursuant to the Plan, and (c) executory contracts or plans that have previously been rejected, are the subject of a motion to reject, or have been specifically waived by the beneficiaries of any plans or contracts. Notwithstanding any other provision of the Plan, any entitlement to receive or to acquire Old USI Holdings Common Stock or Interests held as of the Effective Date by any officer, director or employee of any of the Debtors, or any other Person, whether automatic or contained in a compensation and benefit program, shall be terminated and any resulting Claims shall be Disallowed.....26

ARTICLE VII MEANS FOR IMPLEMENTATION OF THE PLAN26

Section 7.01. Corporate Action. The entry of the Confirmation Order shall constitute authorization for the Debtors and the Reorganized Debtors to take or to cause to be taken all corporate actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court, including, without limitation, (a) the cancellation of the Old USI Holdings Common Stock and Interests, (b) the issuance of the New USI Holdings Common Stock, (c) the election of directors and officers in accordance with Section 10.02 of the Plan, (d) the adoption of the New Debtors Certificates of Incorporation and By-laws, (e) the consummation of the New Senior Secured Term Loan, (f) the execution and delivery of the New Senior Secured Loan Documents, (g) the execution and delivery of the new Senior Management Contracts, and (h) the adoption of New Management Incentive Plan. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the stockholders or directors of the Debtors or the Reorganized Debtors. On the Effective Date, the appropriate officers and directors of the Debtors and the Reorganized Debtors are authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan and the Plan Supplement in the name and on behalf of the Debtors and the Reorganized Debtors. 26

Section 7.02. Articles of Organization. The New Debtors' Certificates of Incorporation and By-Laws shall contain such provisions as are required to satisfy the provisions of the Plan and the Bankruptcy Code and shall include, among other things, (a) authorization to issue a maximum number of shares of New USI Holdings Common Stock to be determined by the Requisite Consenting First Lien Lenders (currently expected to be 3,000,000), (b) a prohibition on the issuance of nonvoting equity securities to the extent, and only to the extent, required by section 1123(a)(6) of the Bankruptcy Code, (c) a prohibition on the repurchase, by the Debtors, of New USI Holdings Common Stock or the issuance of dividends or other Cash distributions on New USI Holdings Common Stock until such time as the New Senior Secured Term Loan is repaid in full, (d) provisions for a five (5) member Board of Directors of Reorganized USI Holdings consisting of the Reorganized Debtors' Chief Executive Officer and four

(4) members appointed by the Consenting First Lien Lenders, (e) such other provisions as required by the New Shareholder Agreement, and (f) other provisions ordinary and customary in such situations so long as they are not inconsistent with any of the provisions to contained in the foregoing (a) and (e).26

Section 7.03. Issuance of New USI Holdings Common Stock. On the Effective Date, all of the issued and outstanding Old USI Holdings Common Stock and Interests shall be canceled, and the New USI Holdings Common Stock shall be issued to the Holders of Allowed Class 5 and 6 Claims, in accordance with Sections 3.09 and 3.10 of the Plan. Without limiting the effect of section 1145 of the Bankruptcy Code, on the Effective Date, Reorganized USI Holdings will enter into the New Registration Rights Agreement with each Person (a) who by virtue of holding New Common Stock and/or its relationship with Reorganized USI Holdings could reasonably be deemed to be an “underwriter” or “affiliate” (as such terms are used within the meaning of applicable securities laws) of Reorganized USI Holdings and (b) who requests in writing that Reorganized USI Holdings execute such agreement.27

Section 7.04. New Senior Secured Term Loan. On the Effective Date, the Debtors shall execute the New Senior Secured Loan Documents (which shall mature six years after the Effective Date). Interest on the New Senior Secured Term Loan shall accrue as follows: cash pay interest, payable quarterly, at per annum rate of (i) LIBOR plus 1.5% for the first two (2) years following the Effective Date, and (ii) LIBOR plus 4.0% thereafter, provided that, the Reorganized Debtors may elect that up to twelve (12) quarterly interest payments prior to the stated maturity date be paid in kind (“PIK”), provided further that, (a) with respect to any such PIK election during the first two (2) years after the Effective Date, after the fourth such election, the interest rate for the quarter subject to such PIK election shall be LIBOR plus 4.0%, and (b) thereafter, the applicable interest rate for any quarter subject to a PIK election shall be LIBOR plus 6.0%. The unpaid principal amount of the New Senior Secured Term Loan will be due and payable on the maturity date. All other terms and conditions of the New Senior Secured Loan Documents shall be acceptable to the Debtors and the Requisite Consenting First Lien Lenders, and shall otherwise be consistent with the Term Sheet.27

Section 7.05. Operations Between the Confirmation Date and the Effective Date. The Debtors shall continue to operate as debtors-in-possession, subject to the supervision of the Bankruptcy Court, during the period from the Confirmation Date through and until the Effective Date.27

Section 7.06. Revesting of Assets. Except as otherwise expressly provided in the Plan, pursuant to sections 1123(a)(5), 1123(b)(3) and 1141(b) of the Bankruptcy Code, all Property comprising the Estates of each Debtor, including, but not limited to, all Avoidance Actions and all Causes of Action shall automatically be retained and revert in the relevant Reorganized Debtor or its respective successor, free and clear of all Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests of Creditors and equity security holders on the Effective Date, with all such Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests being extinguished except as otherwise provided in the Plan or in connection with the New Senior

Secured Term Loan and the New Senior Secured Loan Documents. As of the Effective Date, each Reorganized Debtor may operate its business and use, acquire and dispose of Property and settle and compromise Claims or Interests without supervision of the Bankruptcy Court free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges it incurs for professional fees, disbursements, expenses, or related support services after the Effective Date without any application to the Bankruptcy Court.....27

Section 7.07. Approval of Agreements. The solicitation of votes on the Plan shall be deemed a solicitation of the Holders of Claims for the approval of all other agreements and transactions contemplated by the Plan and the Plan Supplement, including, without limitation, the New Senior Secured Loan Documents, the New Shareholder Agreement, the New Registration Rights Agreement, the New Management Incentive Plan and the Senior Management Contracts. Entry of the Confirmation Order shall constitute approval of such agreements and transactions and the Confirmation Order shall so provide. On the Effective Date, each of the Creditors receiving New USI Holdings Common Stock under the terms of the Plan shall automatically become parties to the New Shareholder Agreement and the New Registration Rights Agreement without any action on their part, and such shares of New USI Holdings Common Stock and the rights of such Creditors with respect thereto shall be subject to the terms and conditions of the New Shareholder Agreement and the New Registration Rights Agreement.....28

Section 7.08. Adoption or Assumption of Senior Management Contracts. On the Effective Date, the Reorganized Debtors shall (i) assume existing Senior Management Contracts with members of Senior Management (each as they may be amended in accordance with Exhibit B to the Term Sheet), or (ii) enter into new Senior Management Contracts and all previous employment contracts with members of Senior Management shall be deemed cancelled, extinguished and superseded in all respects by the new Senior Management Contracts and the members of Senior Management party to such previous contracts shall have no rights thereunder.28

Section 7.09. Adoption of New Management Incentive Plan. On the Effective Date, Reorganized USI Holdings (with the consent of the Requisite Consenting First Lien Lenders) will adopt the New Management Incentive Plan.....28

Section 7.10. Liquidity LC Settlement Payment. On the Effective Date, the Liquidity LC Providers shall pay the Liquidity LC Settlement Payment to Reorganized USI, to be used for operations and general corporate purposes. Upon payment of the Liquidity LC Settlement Payment hereunder, the Liquidity Letter of Credit and Liquidity LC Agreement shall be cancelled, returned, and of no further force and effect.....28

Section 7.11. Supplemental LC Facility. The Reorganized Debtors shall continue to have the right to use letters of credit issued under the Supplemental LC Facility up to a maximum amount available for drawing equal to \$7,600,000 for eighteen (18) months following the Effective Date. Any new letter of credit issued under the Supplemental LC Facility only will be issued to support ordinary course obligations of the

Reorganized Debtors. The Reorganized Debtors will use reasonable best efforts to prevent a draw on the letters of credit issued thereunder. In the event of any drawings under letters of credit issued under the Supplemental LC Facility, the Reorganized Debtors shall only be required to reimburse the Supplemental LC Providers (and not the issuer of the letters of credit) in connection with the first Liquidity Event (as defined below) to occur prior to the seventh (7th) anniversary of the Effective Date, in an amount up to the aggregate amount of such drawings (the “Supplemental LC Facility Reimbursement Amount”), provided, that that the Trigger (as defined below) equals or exceeds \$0 (after giving effect to such reimbursement). For purposes of this Section 7.11, the “Trigger” shall be a fixed amount at which (1) the product of (x) fully-diluted per share equity value of Reorganized USI Holdings at the time of the Liquidity Event and (y) the sum of the number of shares of New USI Holdings Common Stock issued to the First Lien Lenders and the Second Lien Lenders on the Effective Date, exceeds (2) (i) the sum of (a) the aggregate amount of all Allowed First Lien Secured Claims and (b) all unpaid interest and all other Obligations (as defined in the First Lien Credit Agreement) that accrue from the Petition Date through and including the Effective Date, minus (ii) the original principal amount, as of the Effective Date of the New Senior Secure Term Loan, minus (iii) the amount of all cash dividends or distributions in respect of the New USI Holdings Common Stock following the Effective Date and prior to the Liquidity Event, plus (iv) the Supplemental LC Facility Reimbursement Amount paid by the Reorganized Debtors. For purposes of this Section 7.11, (a) “Liquidity Event” means: (i) a Sale of the Company (as defined below) or (ii) an initial public offering of the equity securities of Reorganized USI Holdings and (b) “Sale of the Company” means the consummation of (a) the sale, assignment, transfer, participation, gift, bequest, distribution or other disposition thereof (in one or a series of related transactions) of all or substantially all of Reorganized USI Holdings’ consolidated assets to a person or a group of persons acting in concert (other than to a subsidiary of Reorganized USI Holdings); (b) the transfer (in one or a series of related transactions) of a majority of the outstanding shares of New USI Holdings Common Stock to one person or a group of persons acting in concert; or (c) the merger or consolidation of Reorganized USI Holdings with or into another person; provided that in the case of clauses (b) and (c) above, under circumstances in which the holders of a majority of the voting power of the outstanding equity securities of Reorganized USI Holdings immediately prior to such transaction own less than a majority in voting power of the outstanding equity securities of Reorganized USI Holdings or the surviving or resulting corporation or acquirer, as the case may be, immediately following such transaction.28

Section 7.12. Corporate Structure Changes. [TBD if any structure changes.] 29

ARTICLE VIII PRESERVATION OF CAUSES OF ACTION AND RIGHT TO DEFEND AND CONTEST29

Section 8.01. Preservation of Rights. Except to the extent that any Claim is Allowed during the Chapter 11 Cases or expressly by this Plan, nothing, including, but not limited to, the failure of the Debtors or the Reorganized Debtors to object to a Claim or Interest for any reason during the

pendency of the Chapter 11 Cases, shall affect, prejudice, diminish or impair the rights and legal and equitable defenses of the Debtors or the Reorganized Debtors with respect to any Claim or Interest, including, but not limited to, all rights of the Debtors or Reorganized Debtors to contest or defend themselves against such Claims or Interests in any lawful manner or forum when and if such Claim or Interest is sought to be enforced by the Holder thereof.29

Section 8.02. Rights of Action. Except as otherwise provided in the Plan, all Causes of Action, including Avoidance Actions, shall automatically be retained and preserved and will revert in the Reorganized Debtors. Pursuant to section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors (as representatives of the Debtors' Estates) will retain and have the exclusive right to enforce and prosecute such Causes of Action against any Entity, that arose before the Effective Date, other than those expressly released or compromised as part of or pursuant to the Plan.30

Section 8.03. Setoffs. Except to the extent that any Claim is Allowed, the Debtors or the Reorganized Debtors, as applicable, may, but shall not be required to, set off against any Claims and the payments or distributions to be made pursuant to the Plan in respect of such Claims, any and all debts, liabilities, Causes of Action and claims of every type and nature whatsoever which the Estates, the Debtors or the Reorganized Debtors may have against their Creditors, but neither the failure to do so nor the allowance of any such Claims, whether pursuant to the Plan or otherwise, shall constitute a waiver or release by the Debtors of any such claims or Causes of Action the Debtors may have against such Creditors, and all such claims and Causes of Action which are not expressly released pursuant to the Plan shall be reserved to and retained by the Reorganized Debtors. 30

Section 8.04. No Payment or Distribution Pending Allowance. All references to Claims and amounts of Claims refer to the amount of the Claim Allowed by agreement of the Debtors or Reorganized Debtors and the Holder of such Claim, by operation of law, by Final Order, or by this Plan. Notwithstanding any other provision in the Plan, no payment or distribution shall be made on account of or with respect to any Claim to the extent it is a Disputed Claim unless and until the Disputed Claim becomes an Allowed Claim.30

Section 8.05. Resolution of Disputed Claims. Unless otherwise ordered by the Court after notice and a hearing, the Reorganized Debtors shall have the exclusive right, on and after the Effective Date, to File objections to Claims (except those specifically Allowed by this Plan) and shall serve a copy of each such objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than the later of (a) seventy five (75) days after the Effective Date, and (b) seventy five (75) days after the date on which any Claim is Filed. The foregoing deadlines may be extended by order of the Court. An objection to any Claim shall be deemed properly served on the Holder thereof if the Reorganized Debtors effect service in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Federal Rule of Bankruptcy Procedure 7004; (b) by first class mail, postage prepaid, on the signatory on the proof of claim or other representative identified in the proof of claim or any

attachment thereto; or (c) by first class mail, postage prepaid, on any
counsel that has appeared on the Holder's behalf in the Chapter 11 Cases.....30

ARTICLE IX CONDITIONS TO CONSUMMATION OF THE PLAN.....31

Section 9.01. Confirmation Order. The Confirmation Order shall not be entered unless and until the form and substance thereof, as well as any amendments to the Plan and Plan Supplement(s), have been approved by the Debtors and the Requisite Consenting First Lien Lenders. The Confirmation Order shall, among other things, (a) authorize the issuance of the New USI Holdings Common Stock and the other transactions contemplated by the Plan, and (b) provide that the provisions of the Confirmation Order are non-severable and mutually dependent.31

Section 9.02. Conditions to Effective Date. The Plan shall not be consummated, and the Effective Date shall not occur, unless and until the following conditions have occurred or have been duly waived (if waivable) pursuant to Section 9.03 below:31

Section 9.03. Waiver of Conditions to Consummation. The conditions to consummation in Section 9.02 (other than 9.02(a) and (b)) may be waived at any time by a writing signed by an authorized representative of each of the Debtors and the Requisite Consenting First Lien Lenders without notice or order of the Bankruptcy Court or any further action other than proceeding to consummation of the Plan.32

Section 9.04. Effect of Failure or Absence of Waiver of Conditions Precedent to the Effective Date of the Plan. In the event that one or more of the conditions specified in Section 9.02 of the Plan have not occurred (or been waived), upon notification submitted by the Debtors to the Bankruptcy Court, (a) the Confirmation Order, automatically and without further order of the Bankruptcy Court, and shall be deemed, vacated, null and void, with no force or legal effect whatsoever, (b) no distributions under the Plan shall be made, (c) all Property of the Estates shall revert in the Debtors' Estates, (d) the Debtors and all Holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred and (e) the Debtors' obligations with respect to the Claims and Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Interests by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors.32

ARTICLE X OPERATION AND MANAGEMENT OF THE REORGANIZED DEBTORS32

Section 10.01. Post-Effective Date Operation of Business. From and after the Effective Date, the Reorganized Debtors will continue to exist and engage in business as separate corporate entities, in accordance with the applicable law in the respective jurisdictions in which they are incorporated and pursuant to the New Debtors Certificates of Incorporation and By-laws.32

Section 10.02. Post Effective Date Officers and Directors. On the Effective Date, the officers of the Reorganized Debtors (a) shall be those Persons serving in those positions prior to the Effective Date and (b) will

be reimbursed for all reasonable costs and expenses, and will receive compensation, as set forth in the Senior Management Contracts, with all such payments to be made by the respective Reorganized Debtors. The identities of the members of the Boards of Directors of Reorganized USI Holdings and the Reorganized Debtors, which shall serve on the Effective Date, will be identified in the Plan Supplement.32

ARTICLE XI EFFECTS OF CONFIRMATION32

Section 11.01. Discharge. To the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), and except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims of any nature whatsoever against the Debtors or any of their assets or properties, regardless of whether any Property shall have been distributed or retained pursuant to the Plan on account of such Claims. Upon the Effective Date, and except as expressly contemplated in this Plan, the Debtors, and each of them, shall: (a) be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, debts (as such term is defined in section 101(12) of the Bankruptcy Code), Liens, security interests, and encumbrances of and against all Property of the respective Estates, the Debtors, or the Reorganized Debtors that arose prior to the Effective Date, including without limitation, all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) such Claim has been Allowed pursuant to section 502 of the Bankruptcy Code, or (ii) the Holder of such Claim has voted to accept the Plan; and, (b) terminate all Interests of the Holders of Old USI Holdings Common Stock and Interests. Further, as of the Effective Date, all entities, including, without limitation, all Holders of Claims or Interests, shall be barred and enjoined from asserting against the Debtors or the Reorganized Debtors, their successors or their Property any other or further Claims, debts, rights, Causes of Action, liabilities or Interests relating to the Debtors based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date, except for those obligations expressly created by, or reserved in, this Plan. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Interests of the Holders of Old USI Holdings Common Stock and Interests, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge and termination shall void any judgment obtained against the Debtors or the Reorganized Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.33

Section 11.02. Injunction.33

Section 11.03. Exculpation. None of the Debtors, Reorganized Debtors or Exculpated Persons shall have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates or any of their

successors or assigns, for any act taken or omission made in connection with, relating to, or arising out of, the Chapter 11 Cases, Filing, negotiating, prosecuting, administering, formulating, implementing, confirming or consummating this Plan, or the Property to be distributed under this Plan, including all activities leading to the promulgation and confirmation of the Plan, the Disclosure Statement (including any information provided or statement made in the Disclosure Statement or omitted therefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the Plan or the administration of the Debtors or these Chapter 11 Cases; provided, however, that the foregoing exculpation shall not apply to any act of gross negligence or willful misconduct.....34

Section 11.04. Releases.....34

Section 11.05. Indemnification. To the extent not inconsistent with the Plan or the Confirmation Order and to the fullest extent permitted by applicable law, including, but not limited to the extent provided in their constituent documents, contracts (including, but not limited to, employment agreement or indemnification agreement), statutory law or common law, the Reorganized Debtors will indemnify, hold harmless and reimburse the Exculpated Persons from and against any and all losses, claims, Causes of Action, damages, fees, expenses, liabilities and actions: (a) for any act taken or omission made in good faith in connection with or in any way related to negotiating, formulating, implementing, confirming or consummating the Plan, the Disclosure Statement, or any contract, instrument, release or other agreement or document created in connection with the Plan or the administration of the Chapter 11 Cases; or (b) for any act or omission in connection with or arising out of the administration of the Plan or the Property to be distributed under the Plan or the operations or activities of the Reorganized Debtors, and any Claims of any such Exculpated Person against the Debtors or the Reorganized Debtors on account of such indemnification obligations shall be unaltered and Unimpaired within the meaning of section 1124(1) of the Bankruptcy Code, except that none of the Debtors or the Reorganized Debtors shall have any obligation to indemnify any Exculpated Person for any acts or omissions that constitute gross negligence or willful misconduct as such is finally determined by a court of competent jurisdiction. Such indemnification obligations shall survive unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.35

Section 11.06. Other Documents and Actions. The Debtors and the Reorganized Debtors are authorized to execute such documents and take such other action as is necessary to effectuate the transactions provided for in the Plan. 36

Section 11.07. Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105(a) or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.36

Section 11.08. Preservation of Insurance. Except as necessary to be consistent with the Plan, the Plan and the discharge provided herein shall not diminish or impair: (a) the enforceability of insurance policies that

may cover Claims against the Debtors or any other Person or Entity; or
(b) the continuation of workers' compensation programs in effect,
including self-insurance programs.36

Section 11.09. Guaranties. Notwithstanding the existence of guaranties by the Debtors of obligations of any Entity or Entities, and the Debtors' joint obligations with another Entity or Entities with respect to the same obligations, all Claims against the Debtors based upon any such guaranties shall be satisfied, discharged and released in the manner provided in this Plan and the Holders of Claims shall be entitled to only one distribution with respect to any given obligation of the Debtors.36

Section 11.10. Subordination Rights. Any distributions under the Plan shall be received and retained free of and from any obligations to hold or transfer the same to any other Creditor, and shall not be subject to levy, garnishment, attachment or other legal process by any Holder by reason of claimed contractual subordination rights and such subordination rights shall be waived and the Confirmation Order shall constitute an injunction enjoining any Person from enforcing or attempting to enforce any contractual, legal or equitable subordination rights to Property distributed under the Plan, in each case other than as provided in the Plan.36

Section 11.11. No Successor Liability. Except as otherwise expressly provided in the Plan, the Debtors and the Reorganized Debtors do not, pursuant to the Plan or otherwise, assume, agree to perform, pay, or indemnify or otherwise have any responsibilities for any liabilities or obligations of the Debtors relating to or arising out of the operations of or assets of the Debtors, whether arising prior to, on, or after the Effective Date. The Reorganized Debtors are not, and shall not be, successors to the Debtors by reason of any theory of law or equity, and none shall have any successor or transferee liability of any kind or character, except that the Reorganized Debtors shall assume the obligations specified in the Plan and the Confirmation Order.36

ARTICLE XII RETENTION OF JURISDICTION.....36

Section 12.01. Exclusive Jurisdiction of Bankruptcy Court.
Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain after the Effective Date exclusive jurisdiction of all matters arising out of, arising in or related to the Chapter 11 Cases to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:37

Section 12.02. Failure of Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Debtors, including with respect to the matters set forth above in Section 12.01 hereof, this Article XII shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.39

ARTICLE XIII MISCELLANEOUS PROVISIONS.....39

Section 13.01. Binding Effect of Plan. The provisions of the Plan shall be binding upon and inure to the benefit of the Debtors, the Estates, the Reorganized Debtors, any Holder of any Claim or Interest treated herein or any Person named or referred to in the Plan, and each of their respective

heirs, executors, administrators, representatives, predecessors, successors, assigns, agents, officers and directors, and, to the fullest extent permitted under the Bankruptcy Code and other applicable law, each other Person affected by the Plan.....39

Section 13.02. Withdrawal of the Plan. The Debtors reserve the right, at any time prior to Confirmation of the Plan, to withdraw the Plan. If the Plan is withdrawn, the Plan shall be null and void and have no force and effect. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.....39

Section 13.03. Final Order. Except as otherwise expressly provided in the Plan, any requirement in the Plan for a Final Order may be waived by the Debtors (with the consent of the Requisite Consenting First Lien Lenders) or, after the Effective Date, the Reorganized Debtors upon written notice to the Bankruptcy Court. No such waiver shall prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order. 39

Section 13.04. Modification of the Plan. The Debtors may alter, amend or modify the Plan (with the consent of the Requisite Consenting First Lien Lenders and, if such alteration, amendment or modification would adversely impact any Claim or right of the Consenting Second Lien Lenders or Wind Point as provided in the Plan Support Agreement, with the consent of the Requisite Consenting Second Lien Lenders or Wind Point, as the case may be) in accordance with section 1127 of the Bankruptcy Code or as otherwise permitted at any time prior to the Confirmation Date. After the Confirmation Date and prior to the substantial consummation of the Plan, and in accordance with the provisions of section 1127(b) of the Bankruptcy Code and the Bankruptcy Rules, the Debtors may (with the consent of the Requisite Consenting First Lien Lenders), so long as the treatment of Holders of Claims or Interests under the Plan is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, prior notice of such proceedings shall be served in accordance with Bankruptcy Rules 2002 and 9014. 39

Section 13.05. Business Days. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.40

Section 13.06. Severability. Should the Bankruptcy Court determine, prior to the Confirmation Date, that any provision of the Plan is either illegal on its face or illegal as applied to any Claim or Interest, such provision shall be unenforceable as to all Holders of Claims or Interests or to the specific Holder of such Claim or Interest, as the case may be, as to which such provision is illegal. Unless otherwise determined by the Bankruptcy Court, such a determination of unenforceability shall in no way limit or affect the enforceability and operative effect of any other

	provision of the Plan. The Debtors reserve the right not to proceed with Confirmation or consummation of the Plan if any such ruling occurs.	40
Section 13.07.	<u>Governing Law.</u> EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE OR BANKRUPTCY RULES OR OTHER FEDERAL LAWS ARE APPLICABLE, AND SUBJECT TO THE PROVISIONS OF ANY CONTRACT, INSTRUMENT, RELEASE, INDENTURE OR OTHER AGREEMENT OR DOCUMENT ENTERED INTO IN CONNECTION WITH THE PLAN, THE CONSTRUCTION, IMPLEMENTATION AND ENFORCEMENT OF THE PLAN AND ALL RIGHTS AND OBLIGATIONS ARISING UNDER THE PLAN SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO CONFLICTS-OF-LAW PRINCIPLES WHICH WOULD APPLY THE LAW OF A JURISDICTION OTHER THAN THE STATE OF DELAWARE.	40
Section 13.08.	<u>Dissolution of Committee.</u> On the Effective Date, any Committee shall be automatically dissolved and all of its members, Professionals and agents shall be deemed released of their duties, responsibilities and obligations, and shall be without further duties, responsibilities and authority in connection with the Debtors, the Chapter 11 Cases, the Plan or its implementation.	40
Section 13.09.	<u>Payment of Fees and Expenses of the First Lien Agent, First Lien Lenders, Second Lien Agent and Second Lien Lenders.</u> The Debtors or the Reorganized Debtors (as applicable) shall pay the reasonable fees and expenses incurred by the First Lien Agent, the First Lien Lenders, the Second Lien Agent and the Second Lien Lenders in connection with the Chapter 11 Cases and the performance of their duties pursuant to the terms of the Plan Support Agreement (as long as such duties are performed prior to the Effective Date) in accordance with the provisions of the Term Sheet and the Cash Collateral Order.	40
Section 13.10.	<u>Intentionally Omitted.</u>	41
Section 13.11.	<u>Payment of Statutory Fees.</u> All U.S. Trustee's Fee Claims, as determined, if necessary, by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date.	41
Section 13.12.	<u>Post-Confirmation Operating Reports.</u> The Debtors shall continue to file quarterly operating reports as required by the United States Trustee until such time as an order is entered under section 350(a) of the Bankruptcy Code closing the Bankruptcy Cases.	41
Section 13.13.	<u>Notices.</u> Any notice required or permitted to be provided under this Plan to the Debtors or the Reorganized Debtors, or any request for information with respect to the Plan, shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:	41
Section 13.14.	<u>Filing of Additional Documents.</u> On or before substantial consummation of the Plan, the Debtor shall issue, execute, deliver, and File with the Bankruptcy Court or record any agreements and other documents, and take any action as may be necessary or appropriate to	

effectuate, consummate and further evidence the terms and conditions of the Plan. 41

Section 13.15.	<u>Section 1125 of the Bankruptcy Code.</u>	41
Section 13.16.	<u>Section 1146 Exemption.</u> To the fullest extent permitted under section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, if any, or the execution, delivery or recording of an instrument of transfer under the Plan, or the revesting, transfer or sale of any real or other Property of or to the Debtors or the Reorganized Debtors, shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax or similar tax.	42
Section 13.17.	<u>Section 1145 Exemption.</u> To the fullest extent permitted under section 1145 of the Bankruptcy Code, the issuance of the New USI Holdings Common Stock on the Effective Date shall be exempt from the registration requirements of Section 5 of the Securities Act and any and all federal, state and local laws requiring the registration or licensing of an issuer, underwriter, broker or dealer in such securities.	42
Section 13.18.	<u>Time.</u> Unless otherwise specified herein, in computing any period of time prescribed or allowed by the Plan, the day of the act or event from which the designated period begins to run shall not be included. The last day of the period so computed shall be included, unless it is not a Business Day, in which event the period runs until the end of next succeeding day that is a Business Day. Otherwise, the provisions of Bankruptcy Rule 9006 shall apply.	42
Section 13.19.	<u>No Attorneys' Fees.</u> No attorneys' fees will be paid by the Debtors with respect to any Claim or Interest except as expressly specified herein or by order of the Bankruptcy Court (including the Cash Collateral Order).	42
Section 13.20.	<u>No Injunctive Relief.</u> No Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable or other prospective relief.	42
Section 13.21.	<u>Non-Voting Equity Securities.</u> The Debtors shall comply with the provisions of section 1123(a)(6) of the Bankruptcy Code.	42
Section 13.22.	<u>Continued Confidentiality Obligations.</u> Pursuant to the terms thereof, members of and advisors to the Committee, any other Holder of a Claim or Interest and their respective predecessors, successors and assigns shall continue to be obligated and bound by the terms of any confidentiality agreement executed by them in connection with these Chapter 11 Cases or the Debtors, to the extent that such agreement, by its terms, may continue in effect after the Confirmation Date.	42
Section 13.23.	<u>No Admissions or Waivers.</u> Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed an admission or waiver by the Debtors with respect to any matter set forth	

herein, including, without limitation, liability on any Claim or Interest or the propriety of any classification of any Claim or Interest.....	42
Section 13.24. <u>Entire Agreement.</u> The Plan (and all Exhibits to the Plan and the Plan Supplement) sets forth the entire agreement and undertakings relating to the subject matter hereof and supersedes all prior discussions and documents. The Debtors shall not be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.	43
Section 13.25. <u>Waiver.</u> The Debtors or the Reorganized Debtors, as applicable, reserve the right to waive (with the consent of the Requisite Consenting First Lien Lenders and, if such waiver would adversely impact any Claim or right of the Consenting Second Lien Lenders or Wind Point as provided in the Plan Support Agreement, with the consent of the Requisite Consenting Second Lien Lenders or Wind Point, as the case may be) any provision of this Plan to the extent such provision is for the sole benefit of the Debtors and/or their officers or directors.	43
Section 13.26. <u>Bar Date for Professionals.</u> Applications for compensation for services rendered and reimbursement of expenses incurred by Professionals (a) from the Petition Date through the Effective Date or (b) at any time during the Chapter 11 Cases when such compensation is sought pursuant to sections 503(b)(2) through (b)(5) of the Bankruptcy Code, shall be Filed no later than forty-five (45) days after the Effective Date or such later date as the Bankruptcy Court approves. Such applications shall be served on (a) the Reorganized Debtors at the address set forth in Section 13.13 of the Plan, (b) counsel to the Debtors at the address set forth in Section 13.13 of the Plan, (c) the Office of the United States Trustee, 833 Chestnut Street, Suite 500, Philadelphia, Pennsylvania 19107, (d) counsel for the First Lien Agent, Lovells LLP, 590 Madison Avenue, New York, NY 10022, Attn: Robin Keller, and (e) counsel to the Second Lien Agent, Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036-6522, Attn: Sarah M. Ward. Applications that are not timely Filed will not be considered by the Court. The Reorganized Debtors may pay any Professional fees and expenses incurred after the Effective Date without any application to the Bankruptcy Court.	43

INTRODUCTION

This amended joint plan of reorganization under chapter 11 of the Bankruptcy Code (as amended or modified hereafter in accordance with its terms, the “Plan”), dated as of May 18, 2009, is proposed by USI Senior Holdings, Inc., USI Intermediate Holdings, Inc., United Subcontractors, Inc., Construction Services & Consulting, Inc., San Gabriel Insulation, Inc., and Tabor Insulation, Inc. (collectively, the “Debtors”). Reference is made to the Disclosure Statement accompanying the Plan for a discussion of the Debtors’ history, business, results of operations, historical financial information, properties, projections for future operations and risk factors, a summary and analysis of the Plan, and certain related matters. The Debtors are proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL CREDITORS OF THE DEBTORS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 3019 AND THE PLAN, THE DEBTORS RESERVE THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE OR WITHDRAW THE PLAN PRIOR TO ITS SUBSTANTIAL CONSUMMATION.

Capitalized terms used herein shall have the meanings set forth in Article I hereof. The Debtors have obtained Bankruptcy Court authority to have the Chapter 11 Cases jointly administered for administrative and procedural purposes only. Accordingly, the Plan is being proposed as a joint plan of reorganization of the Debtors for administrative and procedural purposes only. The Plan is not premised upon the substantive consolidation of the Debtors or the Chapter 11 Cases and nothing herein shall be otherwise construed. The Debtors, however, reserve the right to seek substantive consolidation by motion or amendment to the Plan if they conclude that substantive consolidation is necessary or appropriate for effectuation of the Plan. Claims against, and Interests in, the Debtors (other than Administrative Claims and Priority Tax Claims) are classified in Article II hereof and treated in Article III hereof.

ARTICLE I DEFINITIONS, INTERPRETATION AND EXHIBITS.

Section 1.01. Definitions. Unless the context requires otherwise, the following terms shall have the following meanings whether presented in the Plan or the Disclosure Statement with initial capital letters or otherwise. As used herein:

“Adequate Protection Claims” means all liens and claims of the First Lien Agent, on behalf of the First Lien Lenders, and the Second Lien Agent, on behalf of the Second Lien Lenders, granted pursuant to the Cash Collateral Order or subsequent order of the Bankruptcy Court.

“Administrative Claim” means a Claim for: (a) any cost or expense of administration (including, without limitation, the fees and expenses of Professionals) of any of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(2), 507(b) or 1114(e)(2) of

the Bankruptcy Code including, but not limited to (i) any actual and necessary post Petition Date cost or expense of preserving the Debtors' respective Estates or operating the businesses of the Debtors, (ii) any payment to be made under the Plan to cure a default under an assumed executory contract or unexpired lease, (iii) any post Petition Date cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtors in the ordinary course of their respective businesses, (iv) compensation or reimbursement of expenses of Professionals to the extent Allowed by the Bankruptcy Court under sections 330(a) or 331 of the Bankruptcy Code, and (v) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546 of the Bankruptcy Code; (b) any fees or charges assessed against the Debtors' respective Estates under section 1930 of title 28 of the United States Code; and (c) any Allowed administrative claim or superpriority claim granted to the First Lien Agent or Second Lien Agent pursuant to the Cash Collateral Order.

"Affiliate" shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

"Allowed" means, with reference to any unsatisfied Claim, (a) any Claim against any of the Debtors that has been listed by the Debtors in the Schedules, as such Schedules may have been amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent, and with respect to which no contrary proof of claim has been filed, (b) any Claim specifically allowed under the Plan, (c) any Claim the amount or existence of which has been determined or allowed by a Final Order (including the Cash Collateral Order), or (d) any Claim as to which a proof of claim has been timely filed before the Bar Date, provided that on or prior to the date that is 75 days after the Effective Date the Debtors or Reorganized Debtors have not identified such Claim as being objectionable in part or in whole and no objection to the allowance thereof has been filed by the Claims Objection Deadline; provided, however, that the term Allowed, with reference to any Claim, shall not include (x) any unliquidated claim or (y) interest or attorneys' fees on or related to any Claim that accrues from and after the Petition Date unless otherwise expressly provided for in the Plan.

"Allowed Claim" means a Claim that is Allowed.

"Allowed Interest" means an Interest that is Allowed.

"Avoidance Actions" means any and all Causes of Action which a trustee, debtor-in-possession, the estate or other appropriate party in interest may assert under sections 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code (other than those which are released or dismissed as part of and pursuant to the Plan) or under other similar or related state or federal statutes or common law, including fraudulent conveyance laws.

"Ballot" means the forms of ballots accompanying the Disclosure Statement upon which Holders of Impaired Claims entitled to vote on the Plan shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the instructions regarding voting.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as in effect on the Petition Date,

together with all amendments and modifications thereto that subsequently may be made applicable to the Chapter 11 Cases.

“Bankruptcy Court” means the United States Bankruptcy Court for the District of Delaware or, if such court ceases to exercise jurisdiction over these proceedings, the court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases.

“Bankruptcy Rules” means: (a) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under section 2075 of title 28 of the United States Code; (b) the Federal Rules of Civil Procedure, as amended and promulgated under section 2072 of title 28 of the United States Code; (c) the Local Rules of the Bankruptcy Court; and (d) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto that subsequently may be applicable to the Chapter 11 Cases or proceedings therein, as the case may be.

“Bar Date” means the applicable bar date by which a proof of Claim must be, or must have been, Filed, as established by an order of the Bankruptcy Court, in accordance with the Bankruptcy Code, or as set forth in Section 6.04 hereof.

“Business Day” means any day which is not a Saturday, a Sunday, a “legal holiday” as defined in Bankruptcy Rule 9006(a), or a day on which banking institutions in the State of New York are authorized or obligated by law, executive order or governmental decree to be closed.

“Cash” means money, currency and coins, negotiable checks, balances in bank accounts and other lawful currency of the United States of America and its equivalents.

“Cash Collateral Order” means the Interim or Final Order, as in effect from time-to-time, entered by the Bankruptcy Court authorizing and approving the Debtors’ use of cash collateral pursuant to section 363 of the Bankruptcy Code, and any extensions or amendments thereof.

“Causes of Action” means any and all actions, claims, rights, defenses, third-party claims, damages, executions, demands, crossclaims, counterclaims, suits, choses in action, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims whatsoever, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly, indirectly or derivatively, at law, in equity or otherwise, accruing to the Debtors or the Reorganized Debtors, including, but not limited to, the Avoidance Actions.

“Chapter 11 Cases” means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court on the Petition Date.

“Claim” shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

“Claims Objection Deadline” means the latest of (a) 75 days after the Effective Date, (b) 75 days after the date on which any Claim is Filed, or (c) such later date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clauses (a) and (b) above.

“Class” means each class, subclass or category of Claims or Interests as classified in Article II of the Plan.

“Committee” means any committee appointed in the Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code by the United States Trustee, as the membership of such committee is from time to time constituted and reconstituted.

“Committee Members” means the members of any Committee.

“Confirmation” means the entry by the Bankruptcy Court of the Confirmation Order.

“Confirmation Date” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court with respect to the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.

“Confirmation Hearing” means the hearing held before the Bankruptcy Court to consider Confirmation of the Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code.

“Confirmation Order” means the order entered by the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

“Consenting First Lien Lenders” means the First Lien Lenders that are signatories to the Plan Support Agreement and their permitted assignees.

“Consenting Second Lien Lenders” means the Second Lien Lenders that are signatories to the Plan Support Agreement and their permitted assignees.

“Creditor” means any Person that is the Holder of any Claim against any of the Debtors.

“Day(s)” means, unless expressly otherwise provided, calendar day(s).

“Debtors” shall have the meaning set forth in the Introduction.

“Disallowed” means, with respect to any Claim or Interest or portion thereof, any Claim against or Interest in the Debtors which: (a) has been withdrawn, in whole or in part, by agreement of the Debtors or Reorganized Debtors and the Holder thereof; (b) has been withdrawn, in whole or in part, by the Holder thereof; or (c) has been disallowed, in whole or part, by Final Order of a court of competent jurisdiction. In each case a Disallowed Claim or a Disallowed Interest is disallowed only to the extent of disallowance or withdrawal.

“Disallowed Claim” means a Claim, or any portion thereof, that is Disallowed.

“Disallowed Interest” means an Interest, or any portion thereof, that is Disallowed.

“Disbursing Agent” means Reorganized USI or such other Entity that is designated by Reorganized USI to disburse Property pursuant to the Plan.

“Disclosure Statement” means the Debtors’ Amended Disclosure Statement With Respect to the Amended Joint Chapter 11 Plan of Reorganization Dated as of May 18, 2009, including all exhibits, appendices, schedules and annexes, if any, attached thereto, as submitted by the Debtors, as the same may be altered, amended, supplemented or modified from time to time, and which was prepared and distributed in accordance with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018.

“Disputed” means any Claim or Interest that has been neither Allowed nor Disallowed.

“Disputed Claim” means a Claim, or any portion thereof, that is Disputed. For purposes of the Plan, a Claim that has been neither Allowed nor Disallowed shall be considered a Disputed Claim.

“Disputed Interest” means an Interest, or any portion thereof, that is Disputed. For purposes of the Plan, an Interest that has been neither Allowed nor Disallowed shall be considered a Disputed Interest.

“Effective Date” means the first Business Day following the date on which all conditions to consummation set forth in Article IX of the Plan have been satisfied or waived (if capable of being duly and expressly waived), provided that no stay of the Confirmation Order is then in effect.

“Entity” means any individual, corporation, limited or general partnership, joint venture, association, joint stock company, limited liability company, estate, trustee, United States Trustee, unincorporated organization, government, governmental unit (as defined in the Bankruptcy Code), agency or political subdivision thereof.

“Estates” means the estates created in these Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code upon commencement of the Chapter 11 Cases.

“Exculpated Persons” means: (a) each of the Debtors, (b) directors, officers and employees of the Debtors, as of the Petition Date but prior to the Effective Date, (c) the First Lien Agent, each of the Consenting First Lien Lenders, and any First Lien Lender that affirmatively votes in favor of the Plan (d) the Second Lien Agent, each of the Consenting Second Lien Lenders, and any Second Lien Lender that affirmatively votes in favor of the Plan (e) the LC Providers, (f) Wind Point, and (g) the respective current and former officers, directors, employees, agents, stockholders, managers, members, affiliates, partners, advisors and professionals of the parties identified in subclauses (a) through (f).

“File, Filed or Filing” means file, filed or filing with the Bankruptcy Court in the Chapter 11 Cases.

“Final Decree” means the final decree entered by the Bankruptcy Court after the Effective Date and pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022.

“Final Order” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket of such court, the operation or effect of which has not been stayed, reversed, vacated, modified or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal, petition for certiorari, or seek review or rehearing has expired and as to which no appeal, petition for certiorari, or petition for review or rehearing was filed or, if filed, remains pending; provided, however, that the possibility that a motion may be filed pursuant to Rules 9023 or 9024 of the Bankruptcy Rules or Rules 59 or 60(b) of the Federal Rules of Civil Procedure shall not mean that an order or judgment is not a Final Order.

“First Lien Agent” means Wilmington Trust Company, as collateral and administrative agent under the First Lien Credit Agreement.

“First Lien Credit Agreement” means the First Amended and Restated First Lien Credit and Guaranty Agreement dated as of May 29, 2008, pursuant to which the First Lien Lenders agreed to provide loans and other financial accommodations to USI, guaranteed by the other Debtors in these Chapter 11 Cases, secured by first priority liens and security interests on substantially all of the Debtors’ assets.

“First Lien Lenders” means the lender parties to the First Lien Credit Agreement.

“First Lien Letters of Credit” means any letter of credit issued under the First Lien Credit Agreement that was outstanding as of the Petition Date.

“First Lien Revolving Lenders” means the First Lien Lenders who have agreed to participate in the First Lien Letters of Credit issued under the First Lien Credit Agreement prior to the Petition Date.

“First Lien Secured Claims” means the claims of the First Lien Agent and the First Lien Lenders under the First Lien Credit Agreement, including, without limitation, any contingent claims for outstanding letters of credit issued under the First Lien Credit Agreement.

“General Unsecured Claims” means all Allowed Claims, but excluding Administrative Claims, Priority Tax Claims, Professional Fee Claims, Miscellaneous Secured Claims, Miscellaneous Priority Claims, First Lien Secured Claims, Second Lien Secured Claims, and Rejection Claims.

“Holder” means an Entity holding a beneficial interest in a Claim or Interest and, when used in conjunction with a Class or type of Claim or Interest, means a holder of a beneficial interest in a Claim or Interest in such Class or of such type.

“Impaired” means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

“Impaired Claim” means a Claim which is Impaired.

“Impaired Interest” means an Interest which is Impaired.

“Insider” shall have the meaning set forth in Section 101(31) of the Bankruptcy Code.

“Insider Claims” means any Claim of an Insider against any of the Debtors, including, without limitation, Claims of Wind Point Partners V, L.P. under that certain First Amended and Restated Professional Services Agreement with USI Holdings and USI dated as of May 29, 2008.

“Interests” means any and all equity interests, ownership interests or shares in the Debtors issued by the Debtors prior to the Petition Date (including, without limitation, all capital stock, stock certificates, common stock, preferred stock, partnership interests, rights, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in the Debtors, partnership interests in the Debtors’ stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights and liquidation preferences, puts, calls or commitments of any character whatsoever relating to any such equity, ownership interests or shares of capital stock of the Debtors or obligating the Debtors to issue, transfer or sell any shares of capital stock) whether or not certificated, transferable, voting or denominated “stock” or a similar security, and any Claim or Cause of Action related to or arising from any of the foregoing.

“Liens” means, with respect to any asset or Property (or the rents, revenues, income, profits or proceeds therefrom), and in each case, whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise: (a) any and all mortgages, liens, pledges, attachments, charges, leases evidencing a capitalizable lease obligation, conditional sale or other title retention agreement, or other security interest or encumbrance or other legally cognizable security devices of any kind in respect of any asset or Property, or upon the rents, revenues, income, profits or proceeds therefrom; or (b) any arrangement, express or implied, under which any Property is transferred, sequestered or otherwise identified for the purpose of subjecting or making available the same for the payment of debt or performance of any other obligation in priority to the payment of general unsecured Creditors.

“LC Providers” means, collectively, the Liquidity LC Providers and the Supplemental LC Providers.

“Liquidity LC Providers” means Wind Point, Ontario Teachers Pension Plan Board, and USI Investments, LLC.

“Liquidity LC Agreement” means the Liquidity LOC Agreement dated as of May 29, 2008, pursuant to which the Liquidity LC Providers agreed to arrange for the issuance of a \$15 million letter of credit for the benefit of the Debtors, the First Lien Lenders and the Second Lien Lenders.

“Liquidity LC Settlement Payment” means the sum of \$12,000,000 to be paid by the Liquidity LC Providers to Reorganized USI on the Effective Date in exchange for cancellation of the Liquidity Letter of Credit and all related documents and obligations, pursuant to Section 7.10 of this Plan.

“Liquidity Letter of Credit” means the \$15 million letter of credit issued for the benefit of the Debtors, the First Lien Lenders, and the Second Lien Lenders pursuant to the terms and conditions of the Liquidity LC Agreement.

“Miscellaneous Priority Claims” means any Claim against the Debtors entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

“Miscellaneous Secured Claims” means any Secured Claim (other than the First Lien Secured Claims and the Second Lien Secured Claims).

“New Debtors Certificates of Incorporation and By-Laws” means the Amended and Restated certificates of incorporation, articles of organization, by-laws or other governing charter documents, as appropriate, of USI Senior Holdings, Inc.; United Subcontractors, Inc.; USI Intermediate Holdings, Inc.; San Gabriel Insulation, Inc.; Construction Services & Consultants, Inc.; and Tabor Insulation, Inc. which will be included in the Plan Supplement. The Plan Supplement will include the forms of the New Debtors Certificates of Incorporation and By-Laws in substantially the form to be implemented on the Effective Date.

“New Management Incentive Plan” means, collectively, the equity incentive and bonus plans and other terms of employment of Senior Management to be adopted by Reorganized USI Holdings on the Effective Date, as summarized in Exhibit B to the Plan Support Agreement, which is incorporated herein by reference. The Plan Supplement will include the forms of the New Management Incentive Plan in substantially the form to be implemented on the Effective Date.

“New Registration Rights Agreement” means the registration rights agreement to be entered into among the recipients of New USI Holdings Common Stock, a copy of which will be included in the Plan Supplement.

“New Senior Secured Loan Documents” means the New Senior Credit Agreement and any guarantees, security agreements, collateral trusts, and other documents contemplated thereby, in each case as amended from time to time in accordance with their terms. The Plan Supplement will include a form of the New Senior Secured Loan Documents in substantially the form to be implemented on the Effective Date.

“New Senior Secured Notes” means the new senior secured notes in the aggregate principal amount of \$22,500,000, to be issued to Holders of First Lien Secured Claims in

connection with the New Senior Secured Term Loan. The New Senior Secured Notes will be issued to the Holders of First Lien Secured Claims on the Effective Date by Reorganized USI Holdings and will be guaranteed by the other Reorganized Debtors. The New Senior Secured Notes will be secured by first priority liens on and security interests in all Property of the Reorganized Debtors. The New Senior Secured Loan Documents will provide that the indebtedness thereunder and the liens and security interests securing such indebtedness will be subordinated to any working capital facility approved by the Board of Directors of the Reorganized Debtors. The Plan Supplement will include a form of the New Senior Secured Notes in substantially the form to be implemented on the Effective Date.

“New Senior Secured Term Loan” means the new senior secured term loan facility in the aggregate principal amount of \$22,500,000, to be executed among the First Lien Agent, the First Lien Lenders, Reorganized USI, as borrower, and the other Reorganized Debtors, as guarantors, in partial satisfaction of the First Lien Secured Claims hereunder. The New Senior Secured Term Loan will be subject to and governed by the New Senior Secured Loan Documents. The New Senior Secured Term Loan will be secured by first priority liens on and security interests in all Property of the Reorganized Debtors.

“New Shareholder Agreement” means the shareholder agreement to be entered into among the recipients of New USI Holdings Common Stock, a copy of which will be included in the Plan Supplement.

“New USI Holdings Common Stock” means the authorized common stock of Reorganized USI Holdings, to be issued on the Effective Date pursuant to the terms of the Plan.

“Objection” means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to Disallow, determine, liquidate, classify, reclassify or establish the priority, expunge, subordinate or estimate any Claim (including the resolution of any request for payment of any Administrative Claim) or Interest other than a Claim or an Interest that is Allowed.

“Old USI Holdings Common Stock and Interests” means all authorized, issued and outstanding shares of common stock of, and Interests in, USI Senior Holdings Inc. as of the Petition Date, including, without limitation all issued, outstanding and unexpired options, warrants, conversion, privilege or other legal or contractual rights to acquire shares of Old USI Holdings Common Stock or Interests. Old USI Holdings Common Stock and Interests also includes any contingent, disputed or unliquidated Claims related to or in connection with any of the foregoing.

“Person” means and includes a natural person, individual, partnership, corporation (as defined in section 101(9) of the Bankruptcy Code), or organization including, without limitation, officers and directors of the Debtors, corporations, limited partnerships, limited liability companies, general partnerships, joint ventures, joint stock companies, trusts, land trusts, business trusts, unincorporated organizations or associations, or other organizations, irrespective of whether they are legal entities, governmental bodies (or any agency, instrumentality or political subdivision thereof), or any other form of legal entities; provided, however, “Person” does not include governmental units, except that a governmental unit that (a) acquires an asset from a Person (i) as a result of the operation of a loan guarantee agreement or (ii) as receiver or

liquidating agent of a Person; (b) is a guarantor of a pension benefit payable by or on behalf of a Debtor or an Affiliate of a Debtor of; or (c) is the legal or beneficial owner of an asset of (i) an employee pension benefit plan that is a governmental plan, as defined in section 414(d) of the Internal Revenue Code of 1986 or (ii) an eligible deferred compensation plan, as defined in section 457(b) of the Internal Revenue Code of 1986, shall be considered for purposes of section 1102 of the Bankruptcy Code to be a Person with respect to such asset or such benefit.

“Petition Date” means March 31, 2009, the date on which the Debtors Filed their respective petitions for relief commencing the Chapter 11 Cases.

“Plan” means this Amended Joint Chapter 11 Plan of Reorganization Dated as of May 18, 2009, including all exhibits, appendices, schedules and annexes, if any, attached hereto, as submitted by the Debtors, including the Plan Supplement, as such Plan may be altered, amended, supplemented or modified from time to time in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Confirmation Order and the terms and conditions of Section 13.04 of the Plan.

“Plan Supplement” means the Supplement to this Plan to be Filed with the Bankruptcy Court on or before the date that is ten (10) days prior to the Confirmation Hearing.

“Plan Support Agreement” means that certain Restructuring, Settlement and Plan Support Agreement dated as of March 31, 2009, pursuant to which, *inter alia*, the Debtors, the Consenting First Lien Lenders and the Consenting Second Lien Lenders agreed, subject to the terms and conditions specified therein, to support and to vote in favor of, and the Debtors agreed to seek confirmation of, a plan of reorganization as described therein.

“Priority Tax Claim” means any and all Claims accorded priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

“Professional Fee Claim” means a claim for compensation for services rendered and for reimbursement of expenses incurred pursuant to sections 327, 328, 330, 331 or 503(b) of the Bankruptcy Code relating to services incurred on and after the Petition Date and prior to and including the Effective Date in connection with an application made to the Bankruptcy Court by Professionals in the Chapter 11 Cases.

“Professionals” means any professional employed in these Chapter 11 Cases pursuant to sections 327 or 1103 of the Bankruptcy Code or any Professional entitled to compensation pursuant to sections 327, 328, 330, 331, 503(b)(2) or (4), or 1103 of the Bankruptcy Code.

“Property” means all assets or property of the Debtors’ respective Estates of any nature whatsoever, real or personal, tangible or intangible, including contract rights, accounts and Causes of Action, previously or now owned by the Debtors, or acquired by the Debtors’ respective Estates, as defined in section 541 of the Bankruptcy Code.

“Reinstated or Reinstatement” means: (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the Holder of such Claim so as to leave such

Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code, or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; and (iv) not otherwise altering the legal, equitable, or contractual rights to which such Claim entitled the Holder of such Claim; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence or which prohibit certain transactions or actions contemplated by the Plan, or conditioning such transactions or action on certain factors, shall not be required to be reinstated in order to accomplish Reinstatement.

“Rejection Claims” means claims of any non-Debtor counterparty to any unexpired lease of nonresidential real property or executory contract arising on account of the rejection of such lease or contract either during the administration of these Chapter 11 Cases under section 365 of the Bankruptcy Code or as a result of the occurrence of the Effective Date of this Plan.

“Releasees” means: (a) the directors, officers and employees of the Debtors, in each case as of the Petition Date or that have become directors, officers, or employees thereafter but prior to the Effective Date, and the Debtors’ agents and professionals, (b) the First Lien Agent and each of the Consenting First Lien Lenders, (c) the Second Lien Agent and each of the Consenting Second Lien Lenders, (d) the LC Providers, (e) Wind Point, and (f) the respective current and former officers, directors, employees, agents, stockholders, managers, members, affiliates, partners, advisors and professionals of the parties identified in subclauses (a) through (e); provided, however, that the foregoing released parties identified in subclauses (a) through (e) above shall be released only from liabilities arising out of actions taken in such capacity.

“Reorganized Debtors” means Reorganized USI Holdings, Reorganized USI, and the Reorganized Affiliated Debtors on and after the Effective Date.

“Reorganized USI Holdings” means USI Senior Holdings, Inc. on and after the Effective Date.

“Reorganized USI” means United Subcontractors, Inc. on and after the Effective Date.

“Reorganized Affiliated Debtors” means USI Intermediate Holdings, Inc., Construction Services & Consulting, Inc., San Gabriel Insulation, Inc. and Tabor Insulation, Inc. on and after the Effective Date.

“Requisite Consenting First Lien Lenders” means Consenting First Lien Lenders that hold more than 50% of First Lien Secured Claims.

“Requisite Consenting Second Lien Lenders” means Consenting Second Lien Lenders that hold more than 50% of Second Lien Secured Claims.

“Schedule of Rejected Contracts” means the schedule listing certain executory contracts and unexpired leases to be rejected by the Debtors as of the Effective Date of this Plan, which schedule shall be included in the Plan Supplement.

“Schedules” means the schedules of assets and liabilities and statements of financial affairs Filed by any of the Debtors in the Chapter 11 Cases, as required by section 521 of the Bankruptcy Code, as the same may have been or may be amended, modified or supplemented.

“Second Lien Agent” means The Bank of New York, as collateral and administrative agent under the Second Lien Credit Agreement.

“Second Lien Credit Agreement” means the First Amended and Restated Second Lien Credit and Guaranty Agreement dated as of May 29, 2008, pursuant to which the Second Lien Lenders agreed to provide loans and other financial accommodations to USI, guaranteed by the other Debtors in these Chapter 11 Cases, secured by second priority liens and security interests on substantially all of the Debtors’ assets.

“Second Lien Lenders” means the lender parties to the Second Lien Credit Agreement.

“Second Lien Secured Claims” means the claims of the Second Lien Agent and the Second Lien Lenders under the Second Lien Credit Agreement.

“Secured Claim” means any Claim arising before the Petition Date that is: (a) secured in whole or part, as of the Petition Date, by a Lien which is valid, perfected and enforceable under applicable law on Property in which the Debtors’ respective Estates has an interest and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, or (b) subject to setoff under section 553 of the Bankruptcy Code, but, with respect to both case (a) and (b), only to the extent of each such Estate’s interest in the value of the assets or Property securing any such Claim or the amount subject to setoff, as the case may be.

“Securities Act” means the Securities Act of 1933, as amended.

“Senior Management” means the Chief Executive Officer, the Chief Financial Officer and such other executives and employees designated by the Debtors to receive options to purchase New USI Holdings Common Stock under the New Management Incentive Plan. The Reorganized Debtors’ senior management shall be substantially the same as the Debtors’ senior management on the date immediately prior to the Effective Date.

“Senior Management Contracts” means: (a) certain of the existing employment and severance agreements with Senior Management which shall be assumed by the Debtors as of the Effective Date (each as they may be amended in accordance with Exhibit B to the Term Sheet); and (b) any new employment agreements with Senior Management which shall be

subject to the approval of the Debtors, the First Lien Agent and the Consenting First Lien Lenders and which shall become effective as of the Effective Date. The form of the Senior Management Contracts will be Filed under seal with the Bankruptcy Court in connection with the Filing of the Plan Supplement.

“Subsidiary Debtors” means all of the Debtors other than USI Holdings.

“Subsidiary Interests” means any and all authorized, issued and outstanding Interests in any of the Subsidiary Debtors as of the Petition Date.

“Supplemental LC Providers” means _____.

“Supplemental LC Facility” means the letter of credit facility arranged by the Supplemental LC Providers prior to the Petition Date.

“Tax” means any tax, charge, fee, levy, impost or other assessment by any federal, state, local or foreign governmental authority, including, without limitation, income, excise, property, sales, transfer, employment, payroll, franchise, profits, license, use, *ad valorem*, estimated, severance, stamp, occupation and withholding tax, together with any interest, penalties, fines or additions attributable to, imposed on, or collected by any such federal, state, local or foreign governmental authority.

“Term Sheet” means that certain “Exhibit A” attached to the Plan Support Agreement.

“Unclaimed Property” means any distribution of Cash or any other Property made to the Holder of an Allowed Claim pursuant to the Plan that: (a) is returned to the Reorganized Debtors as undeliverable and no appropriate forwarding address is received within the later of (a) one (1) year after the Effective Date and (b) one (1) year after such distribution is made to such Holder, or (b) in the case of a distribution made in the form of a check, is not negotiated and no request for reissuance is made as provided for in Section 5.05 of the Plan.

“Unimpaired” means any Claim that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.

“United States Trustee” means the United States Trustee appointed under section 581(a)(3) of title 28 of the United States Code to serve in the District of Delaware.

“U.S. Trustee’s Fee Claims” means any fees assessed against the Debtors’ Estates pursuant to section 1930(a)(6) of title 28 of the United States Code.

“USI” means United Subcontractors, Inc., a Utah corporation.

“USI Holdings” means USI Senior Holdings, Inc., a Delaware corporation.

“Voting Agent” means Kurtzman Carson Consultants, LLC.

“Wind Point” means Wind Point Partners V, L.P., Wind Point V Executive Advisor Partners, L.P. and certain of its affiliates that are signatories to the Plan Support Agreement.

Section 1.02. Rules of Interpretation. All references to “the Plan” herein shall be construed, where applicable, to include references to this document and all its exhibits, appendices, schedules and annexes, if any (and any amendments thereto made in accordance with the Bankruptcy Code), including the Plan Supplement. Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular paragraph, subparagraph, or clause contained in the Plan. The words “includes” and “including” are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included. The captions and headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Any term used in the Plan that is not defined in the Plan, either in Article I hereof or elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in (and shall be construed in accordance with the rules of construction under) the Bankruptcy Code or the Bankruptcy Rules (with the Bankruptcy Code controlling in the case of a conflict or ambiguity). Without limiting the preceding sentence, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Plan, unless superseded herein. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) and Section 13.18 hereof shall apply, but Bankruptcy Rule 9006(a) shall govern.

Section 1.03. Exhibits. All Exhibits to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full herein, regardless of when Filed.

ARTICLE II CLASSIFICATION OF CLAIMS AND INTERESTS

Section 2.01. Generally. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Interests. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent the Claim or Interest qualifies within the description of that different Class. A Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released, settled or otherwise satisfied prior to the Effective Date.

Section 2.02. Unclassified Claims. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are excluded from the Classes designated in this Article II of the Plan. The treatment accorded Administrative Claims and Priority Tax Claims is set forth in Article III of the Plan.

Section 2.03. Unimpaired Classes. The Plan classifies the following Unimpaired Claims and Unimpaired Interests that are not entitled to vote on the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of a Claim or Interest in the following Classes is conclusively presumed to have accepted the Plan in respect of such Claims or Interests and is not entitled to vote to accept or reject the Plan:

- (a) Class 1 shall consist of all Miscellaneous Secured Claims.
- (b) Class 2 shall consist of all Miscellaneous Priority Claims.
- (c) Class 3 shall consist of all Subsidiary Interests.
- (d) Class 4 shall consist of all General Unsecured Claims.

Section 2.04. Impaired Classes Entitled to Vote. The Plan classifies the following Classes as the only Impaired Classes that may receive a distribution under the Plan and that are entitled to vote to accept or reject the Plan:

- (a) Class 5 shall consist of the First Lien Secured Claims.
- (b) Class 6 shall consist of the Second Lien Secured Claims.
- (c) Class 7 shall consist of the Rejection Claims.

Section 2.05. Impaired Classes Deemed to Reject. The Plan classifies the following Impaired Classes of Interests and Claims as Impaired Classes that are not entitled to vote on the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, each Holder of an Interest or Claim in these Classes is conclusively presumed to have rejected the Plan in respect of such Interests or Claims, because the Plan does not entitle the Holders of such Interests and Claims to receive or retain any property under the Plan on account of such Interests or Claims. Accordingly, Holders of such Interests and Claims are not entitled to vote to accept or reject the Plan:

- (a) Class 8 shall consist of all Old USI Holdings Common Stock and Interests.
- (b) Class 9 shall consist of all Insider Claims.

ARTICLE III PROVISIONS FOR TREATMENT OF CLASSES OF CLAIMS AND INTERESTS

Section 3.01. Satisfaction of Claims and Interests. The treatment of and consideration to be received by Holders of Allowed Claims or Allowed Interests pursuant to this Article III and the Plan shall be in full satisfaction, settlement, release, extinguishment and discharge of their respective Claims against or Interests in the Debtors and the Debtors' respective Estates, except as otherwise provided in the Plan or the Confirmation Order.

Section 3.02. Unclassified Claims, Classified Unimpaired and Impaired Claims and Classified Interests. Administrative Claims and Priority Tax Claims are treated in accordance with section 1129(a)(9)(A) and section 1129(a)(9)(C) of the Bankruptcy Code, respectively. Such Claims are Unimpaired under the Plan and, in accordance with section 1123(a)(1) of the Bankruptcy Code, are not designated as Classes of Claims for purposes of this Plan and for purposes of sections 1123, 1124, 1126 and 1129 of the Bankruptcy Code. In addition, Class 1 Claims, Class 2 Claims, Class 3 Interests, and Class 4 Claims are classified as Classes of Claims and Interests that are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the Holders of Claims or Interests in such Classes are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Class 5 Claims, Class 6 Claims, and Class 7 Claims are Impaired and the Holders thereof are entitled to vote to accept or reject the Plan. Class 8 Interests and Class 9 Claims are Impaired under the Plan and the Holders thereof will receive no distribution on account of their respective Interests and Claims and, pursuant to section 1126(g) of the Bankruptcy Code, such Holders are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

Section 3.03. Administrative Claims. Administrative Claims are Unimpaired. Unless otherwise provided for herein, each Holder of an Allowed Administrative Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Administrative Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such Administrative Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order; provided, however, that Allowed Administrative Claims representing (i) liabilities, accounts payable or other Claims, or obligations incurred in the ordinary course of business of the Debtors consistent with past practices subsequent to the Petition Date, or (ii) contractual liabilities incurred subsequent to the Petition Date, whether or not incurred in the ordinary course of business, shall be paid or performed by the Debtors or the Reorganized Debtors in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements relating thereto.

Section 3.04. Priority Tax Claims. Priority Tax Claims are Unimpaired. Each Holder of an Allowed Priority Tax Claim shall receive, at the option of the Debtors or the Reorganized Debtors, as the case may be, in full satisfaction, settlement, release, extinguishment and discharge of such Priority Tax Claim: (a) the amount of such unpaid Allowed Priority Tax

Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Priority Tax Claim becomes Allowed and (iii) a date agreed to by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such Priority Tax Claim; (b) equal Cash payments from the Reorganized Debtors made on the last Business Day of every three (3) month period following the Effective Date, over a period not exceeding five (5) years after the assessment of the tax on which such Priority Tax Claim is based, totaling the principal amount of such Priority Tax Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate publicly quoted on the Effective Date for obligations backed by the full faith and credit of the United States of America maturing in ninety (90) days; or (c) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Priority Tax Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order. The Debtors or the Reorganized Debtors, as the case may be, shall have the right, in their sole discretion, to prepay at any time, in whole or in part, any Allowed Priority Tax Claim without premium or penalty of any sort or nature.

Section 3.05. Class 1: Miscellaneous Secured Claims. Class 1 Miscellaneous Secured Claims are Unimpaired. Each Holder of an Allowed Class 1 Miscellaneous Secured Claim shall receive, in the sole discretion of the Debtors or the Reorganized Debtors, as the case may be, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) Cash equal to the amount of such Allowed Miscellaneous Secured Claim on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Miscellaneous Secured Claim becomes Allowed, and (iii) a date agreed to by the Debtors or the Reorganized Debtors, as the case may be, and the Holder of such Class 1 Miscellaneous Secured Claim; (b) treatment such that such Miscellaneous Secured Claim is Reinstated; (c) the Property securing such Miscellaneous Secured Claim; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.

Section 3.06. Class 2: Miscellaneous Priority Claims. Class 2 Miscellaneous Priority Claims are Unimpaired. Each Holder of an Allowed Class 2 Miscellaneous Priority Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 2 Claim becomes Allowed, and (iii) a date agreed to by the Debtors or the Reorganized Debtors, as the case may be, and the Holder of such Class 2 Miscellaneous Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.

Section 3.07. Class 3: Subsidiary Interests. Class 3 Interests are Unimpaired and the Holders thereof are deemed to have accepted the Plan. Each Holder of an Allowed Interest in Class 3 shall retain such Interest and its respective share or shares of common stock of the Subsidiary Debtors representing such Interest, but such Holder shall receive no distribution under the Plan on account of such Interest.

Section 3.08. Class 4: General Unsecured Claims. Class 4 General Unsecured Claims are Unimpaired. Each Holder of an Allowed General Unsecured Claim not satisfied as of

the Effective Date of the Plan shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such General Unsecured Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtors or Reorganized Debtors, as the case may be, and the Holder of such General Unsecured Claim; (b) treatment such that such General Unsecured Claim is Reinstated; or (c) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors or the Reorganized Debtors, as the case may be, or as the Bankruptcy Court may order.

Section 3.09. Class 5: First Lien Secured Claims. Class 5 First Lien Secured Claims are Impaired. On the Effective Date, the Holders of Allowed First Lien Secured Claims shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claims, their “pro rata” share (determined by dividing each such Holder’s Allowed First Lien Secured Claim, as the case may be, by the sum of all Allowed First Lien Secured Claims) of (a) ninety-six percent (96%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan), and (b) the New Senior Secured Term Loan. The number of shares of New USI Holdings Common Stock to be issued to First Lien Lenders and the amount of the New Senior Secured Term Loan to be allocated to First Lien Lenders shall assume that all First Lien Letters of Credit have been drawn as of the Effective Date. For purposes of this Section 3.09, “pro rata” shall mean the ratio of (x) the First Lien Secured Claim held by a First Lien Lender, exclusive of Claims of the First Lien Revolving Lenders with respect to First Lien Letters of Credit that are undrawn as of the Effective Date, to (y) the aggregate amount of all First Lien Secured Claims, including Claims with respect to First Lien Letters of Credit, whether or not drawn as of the Effective Date. If any First Lien Letters of Credit remaining outstanding as of the Effective Date are drawn after the Effective Date, the First Lien Revolving Lenders shall receive, with respect to the Claims resulting from such drawing, their pro rata share of the New USI Holdings Common Stock and the New Senior Secured Term Loan equal to the shares they would have received if such First Lien Letter of Credit were drawn prior to the Effective Date. If any First Lien Letter of Credit remains outstanding and expires, terminates or is returned undrawn, then the First Lien Lenders, other than the First Lien Revolving Lenders, shall receive additional shares of the New USI Holdings Common Stock and New Senior Secured Term Loan in the amounts they would have received if such First Line Letter of Credit had expired, terminated or been returned undrawn prior to the Effective Date. Notwithstanding the foregoing, each Holder of an Allowed First Lien Secured Claim shall execute and deliver: (i) the New Shareholder Agreement prior to receiving any New Common Stock and (ii) the New Senior Credit Agreement prior to receiving any portion of New Senior Secured Term Loan. If any such Holder has not executed and delivered (i) the New Shareholder Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any distribution of the New Common Stock and such Holder’s share of the New Common Stock will be distributed pro rata to the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Shareholder Agreement, and (ii) the New Senior Credit Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any portion of the New Senior Secured Term Loan and such Holder’s share of

the New Senior Secured Term Loan shall be allocated among the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Senior Credit Agreement.

Section 3.10. Class 6: Second Lien Secured Claims. Class 6 Second Lien Secured Claims are Impaired. On the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Class 6 Second Lien Secured Claim shall receive its pro rata share (determined by dividing such Holder's Allowed Second Lien Secured Claim by the sum of all Allowed Second Lien Secured Claims) of four percent (4%) of the New USI Holdings Common Stock (which shares issued on the Effective Date are subject to dilution for the New USI Holdings Common Stock allocated to the New Management Incentive Plan). Notwithstanding the foregoing, each Holder of an Allowed Second Lien Secured Claim shall execute and deliver the New Shareholder Agreement prior to receiving any New Common Stock. If any such Holder has not executed and delivered the New Shareholder Agreement by the ninetieth (90th) day following the Effective Date, such Holder shall no longer be eligible or entitled to receive any distribution of the New Common Stock and such Holder's share of the New Common Stock will be distributed pro rata to the remaining Holders of Allowed First Lien Secured Claims that are parties to the New Shareholder Agreement.

Section 3.11. Class 7: Rejection Claims. Class 7 Rejection Claims are Impaired. On the Effective Date or as soon thereafter as is practicable, each Holder of an Allowed Class 7 Rejection Claim shall receive their pro-rata share (determined by dividing each such Holder's Allowed Rejection Claim, as the case may be, by the sum of all Allowed Rejection Claims) of the lesser of (i) \$125,000, or (ii) five percent (5%) of the aggregate amount of all Allowed Rejection Claims.

Section 3.12. Class 8: Old USI Holdings Common Stock and Interests. Class 8 Old USI Holdings Common Stock and Interests are Impaired. Holders of Class 8 Old USI Holdings Common Stock and Interests shall not receive or retain any property under the Plan on account of such Old USI Holdings Common Stock and Interests. On the Effective Date, all Old USI Holdings Common Stock and Interests shall be cancelled.

Section 3.13. Class 9: Insider Claims. Class 9 Insider Claims are Impaired. Holders of Class 9 Insider Claims shall not receive or retain any property under the Plan on account of such Insider Claims. On the Effective Date, all Insider Claims shall be extinguished.

ARTICLE IV

ACCEPTANCE OR REJECTION OF THE PLAN; CRAMDOWN

Section 4.01. Acceptance by Impaired Classes of Claims and Interests. Pursuant to section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if: (a) the Holders of at least two-thirds (2/3) in dollar amount of the Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the Plan, and (b) more than one-half (1/2) in number of the Holders of such Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the Plan. No Class of Interests is entitled to vote on the Plan pursuant to section 1126 of the Bankruptcy Code.

Section 4.02. Voting Classes. Except as otherwise required by the Bankruptcy Code or the Bankruptcy Rules or as otherwise provided in this Section 4.02, the Holders of Claims in Classes 5, 6, and 7 shall be entitled to vote to accept or reject the Plan in accordance with Section 4.01 of the Plan. Classes of Claims and Interests Unimpaired under the Plan (Miscellaneous Secured Claims (Class 1), Miscellaneous Priority Claims (Class 2), Subsidiary Interests (Class 3) and General Unsecured Claims (Class 4)) shall not be entitled to vote to accept or reject the Plan, and shall be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. The Class of Interests and Class of Claims that are Impaired that are receiving no distribution under the Plan, Old USI Holdings Common Stock and Interests (Class 8) and Insider Claims (Class 9), shall not be entitled to vote to accept or reject the Plan and shall be conclusively presumed to have rejected the Plan. Administrative Claims and Priority Tax Claims are Unimpaired and not classified under the Plan and hence are not entitled to vote to accept or reject the Plan.

Section 4.03. Ballot Instructions. Each Holder of a Claim entitled to vote on the Plan will be asked to complete and return a Ballot to the Voting Agent, which will compile the votes so received. Any questions as to the validity, form, and eligibility (including time of receipt) of Ballots will be resolved by the Bankruptcy Court upon application or at the Confirmation Hearing.

Section 4.04. Cramdown. If all applicable requirements for Confirmation of the Plan are met as set forth in section 1129(a)(1) through (13) of the Bankruptcy Code except subsection (8) thereof, the Debtors intend to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the requirements of section 1129(a)(8) thereof, on the bases that the Plan is fair and equitable, and does not discriminate unfairly, with respect to each Class of Claims or Interests that is Impaired under, and has not accepted or is deemed to have rejected, the Plan.

ARTICLE V

PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN

Section 5.01. Timing of Distributions. Except as set forth in Section 5.03 below, distributions of Property will be made to Holders of Allowed Claims and Allowed Interests in

accordance with Article III of the Plan. If a Claim or Interest is not an Allowed Claim or an Allowed Interest as of the applicable distribution date, distributions will be made only if and when the Claim or Interest is Allowed, and then in accordance with Article III of the Plan and, with respect to the cure of defaults for assumed executory contracts and unexpired leases, Section 6.02 of the Plan, and in each case, subject to Article VIII of the Plan.

Section 5.02. Distributions to Holders of Allowed Claims. Except for distributions to Holders of Allowed Claims in Classes 5, 6, and 7, which will be made in accordance with Sections 3.09 through 3.11 of the Plan, on the Effective Date, the Reorganized Debtors shall deliver to the Disbursing Agent sufficient Cash to make the distributions to be made on the Effective Date to the Holders of Allowed Claims entitled to receive Cash in accordance with Article III of the Plan. Payments and other distributions to be made pursuant to the Plan will be available from the funds held by the Reorganized Debtors as of the Effective Date. If any dispute arises as to the identity of a Holder of an Allowed Claim who is to receive any distribution, the Reorganized Debtors shall, in lieu of making such distribution to such Holder, delay such distribution until the disposition thereof shall be determined by Final Order of the Bankruptcy Court or by written agreement among the interested parties to such dispute.

Section 5.03. Delivery of Distributions. Except for distributions to (a) Holders of Allowed First Lien Secured Claims, which shall be made to the First Lien Agent for the benefit of such Holders, and (b) Holders of Allowed Second Lien Secured Claims, which shall be made to the Second Lien Agent for the benefit of such Holders, distributions to Holders of Allowed Claims shall be made by the Disbursing Agent: (i) at the last known addresses of such Holders or (ii) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Disbursing Agent is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest. All distributions pursuant to the Plan shall be at the Reorganized Debtors' expense.

Section 5.04. Method of Cash Distributions. Any Cash payment to be made pursuant to the Plan may be made by Cash, draft, check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law at the option of the Reorganized Debtors.

Section 5.05. Failure to Negotiate Checks. Checks issued in respect of distributions under the Plan shall be null and void if not negotiated within sixty (60) days after the date of issuance. Any amounts returned to the Reorganized Debtors in respect of such non-negotiated checks shall be held by the Reorganized Debtors, as appropriate. Requests for reissuance for any such check shall be made directly to the Reorganized Debtors by the Holder of the Allowed Claim with respect to which such check originally was issued. All amounts represented by any voided check will be held until the later of one (1) year after (a) the Effective Date or (b) the date that a particular Claim is Allowed, and all requests for reissuance by the Holder of the Allowed Claim in respect of a voided check are required to be made prior to such date. Thereafter, all such amounts shall be deemed to be Unclaimed Property, in accordance with Section 5.06 of the Plan, and all Holders of Claims in respect of void checks shall be

forever barred, estopped and enjoined from asserting a claim to such funds in any manner against the Debtors or their respective assets or the Reorganized Debtors or their respective assets.

Section 5.06. Unclaimed Distributions. All Property distributed on account of Claims must be claimed within the later of (a) one (1) year after the Effective Date or (b) one (1) year after such distribution is made to such Holder or, in the case of a distribution made in the form of a check, must be negotiated and a request for reissuance be made as provided for in Section 5.05 of the Plan. All Unclaimed Property will be retained by and will revert in the Reorganized Debtors and will no longer be subject to distribution. All full or partial payments made by the Disbursing Agent and received by the Holder of a Claim prior to the Effective Date will be deemed to be payments under the Plan for purposes of satisfying the obligations of Debtors pursuant to the Plan. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim other than by reviewing the records of the Reorganized Debtors and any Claims filed in these cases. Pursuant to section 1143 of the Bankruptcy Code, all claims in respect of Unclaimed Property shall be deemed Disallowed and the Holder of any Claim Disallowed in accordance with this Section 5.06 will be forever barred, expunged, estopped and enjoined from asserting such Claim in any manner against the Debtors or their respective assets or the Reorganized Debtors or their respective assets.

Section 5.07. Limitation on Distribution Rights. If a claimant holds more than one Claim in any one Class, all Claims of the claimant in that Class will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

Section 5.08. [Intentionally omitted.]

Section 5.09. Compliance With Tax Requirements. In connection with each distribution with respect to which the filing of an information return (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the Reorganized Debtors shall file such information return with the Internal Revenue Service and provide any required statements in connection therewith to the recipients of such distribution or effect any such withholding and deposit all moneys so withheld as required by law. With respect to any Person from whom a tax identification number, certified tax identification number or other tax information required by law to avoid withholding has not been received by the Reorganized Debtors within thirty (30) days from the date of such request, the Reorganized Debtors may, at their option, withhold the amount required and distribute the balance to such Person or decline to make such distribution until the information is received.

Section 5.10. [Intentionally omitted.]

Section 5.11. Documentation Necessary to Release Liens. Each Creditor which is to receive a Cash distribution under the Plan in full satisfaction of a Secured Claim shall not receive such distribution until such Creditor executes and delivers any documents necessary to release all Liens arising under any applicable security agreement or non-bankruptcy law (in recordable form if appropriate) in connection with such Secured Claim and such other documents as the Debtors or the Reorganized Debtors, as applicable, may reasonably request or otherwise turns over and releases any and all Property of the Debtors that secures or purportedly secures such Claim. Any such holder that fails to execute and deliver such release of liens within

120 days of the Effective Date shall be deemed to have no further Claim against the Debtors, the Reorganized Debtors or their assets or Property in respect of such Claim and shall not participate in any distribution hereunder on account of such Claim. Notwithstanding the immediately preceding sentence, any such Holder of a Disputed Claim shall not be required to execute and deliver such release until at least the date that is 30 days after the date on which such Claim is Allowed or Disallowed.

ARTICLE VI

EXECUTORY CONTRACTS AND UNEXPIRED LEASES; INDEMNIFICATION OBLIGATIONS; BENEFIT PROGRAMS

Section 6.01. Treatment of Executory Contracts and Unexpired Leases. Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any person or Entity shall be deemed assumed by the Debtors as of the Effective Date, except for any executory contract or unexpired lease that (a) has expired or terminated pursuant to its own terms, (b) has previously been assumed, assumed and assigned, or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (c) is the subject of a pending motion to assume, assume and assign, or reject as of the Confirmation Date, or (d) is listed on the Schedule of Rejected Contracts which shall be included with the Plan Supplement; provided, however, that the Debtors shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Rejected Contracts upon notice to the counterparty to such contract or lease (a) to delete any executory contract or unexpired lease listed therein, thus providing for its assumption pursuant to this Section 6.01 or (b) to add any executory contract or unexpired lease thereto, thus providing for its rejection pursuant to this Section 6.01. The Confirmation Order (except as otherwise provided therein) shall constitute an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, effective as of the Effective Date, approving the assumptions and rejections hereunder. Each contract and lease assumed pursuant to this Section 6.01 shall be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Assumption of a contract or lease pursuant to this Section 6.01 shall not constitute an admission by the Debtors or the Reorganized Debtors that such contract or lease is an executory contract or unexpired lease or that the Debtors or the Reorganized Debtors have any liability thereunder. All executory contracts and unexpired leases that are assumed will be assumed under their present terms or upon such terms as are agreed to in writing between the applicable Debtor and the counterparty to the executory contract or unexpired lease. Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include: (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

Section 6.02. Cure of Defaults for Assumed Contracts and Leases. Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired

leases that exist between the Debtors and any person or Entity shall be deemed assumed by the Debtors as of the Effective Date, except for any executory contract or unexpired lease that (a) has expired or terminated pursuant to its own terms, (b) has previously been assumed, assumed and assigned, or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (c) is the subject of a pending motion to assume, assume and assign, or reject as of the Confirmation Date, or (d) is listed on the Schedule of Rejected Contracts which shall be included with the Plan Supplement; provided, however, that the Debtors shall have the right, at any time prior to the Confirmation Date, to amend the Schedule of Rejected Contracts upon notice to the counterparty to such contract or lease (a) to delete any executory contract or unexpired lease listed therein, thus providing for its assumption pursuant to this Section 6.01 or (b) to add any executory contract or unexpired lease thereto, thus providing for its rejection pursuant to this Section 6.01. Within fifteen (15) days of the Effective Date, the Debtors shall pay to the nondebtor parties to such executory contracts and unexpired leases being assumed the cure amounts. The nondebtor parties to such executory contracts and unexpired leases shall have thirty (30) days from receipt of such cure amounts to object thereto. If any objections are filed, and cannot be resolved by agreement, the Bankruptcy Court shall hold a hearing to determine the cure amount with respect to the executory contract or unexpired lease subject to the objection or to otherwise resolve such objection. Any party failing to object (whether to the proposed cure amount or otherwise) within thirty (30) days after receipt of the cure amount by the Reorganized Debtors shall be forever barred from asserting, collecting, or seeking to collect from the Reorganized Debtors any amounts in excess of the cure amount or from otherwise objection to the assumption, by the Debtors, of such executory contract or unexpired lease. Notwithstanding the foregoing, or anything else in this Article VI, with respect to any executory contract or unexpired lease which is the subject of an objection, the Reorganized Debtors shall retain the right, until five (5) Business Days after any order resolving the objection becomes a Final Order, to reject such executory contract or unexpired lease.

Section 6.03. Resolution of Objections to Assumption of Executory Contracts and Unexpired Leases. Any party objecting to the Debtors' proposed assumption of an executory contract or unexpired lease on any grounds other than the proposed cure amount, including, without limitation, the ability of the Reorganized Debtors to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed shall File and serve on counsel for the Debtors a written Objection to the assumption of such contract or lease not later than thirty (30) days from service of notice of the Debtors' intent to assume such executory contract or unexpired lease. Service of such notice shall be sufficient if served on the other party to the executory contract or unexpired lease at the address indicated on (a) the contract or lease, (b) any proof of claim filed by such other party in respect of such contract or lease, or (c) the Reorganized Debtors' books and records; provided, however, that if such a notice is served by the Reorganized Debtors to one of the foregoing addresses and is promptly returned as undeliverable, the Reorganized Debtors shall attempt reservice of the notice on an alternative address, if any, from the above listed sources. Failure to File an Objection within the time period set forth above shall constitute an acknowledgement of the assumption and revestment of such contract or lease, subject to payment of the cure amount, if any, including an acknowledgment that the proposed assumption provided adequate assurance of future performance. To the extent that any Objections to the assumption of a contract or lease are timely Filed and served and such Objections are not resolved between

the Debtors and the objecting parties, the Bankruptcy Court shall resolve such disputes at the Confirmation Hearing or as soon as reasonable practicable thereafter. Notwithstanding the foregoing, or anything else in this Article VI, with respect to any executory contract or unexpired lease which is subject to an objection, the Reorganized Debtors shall retain the right, until five (5) Business Days after any order resolving the objection becomes a Final Order, to reject such executory contract or unexpired lease.

Section 6.04. Bar Date for Rejection Claims. Rejection Claims arising out of the rejection of any executory contract or unexpired lease pursuant to Section 6.01 hereof must be filed with the Bankruptcy Court no later than the later of (a) twenty (20) days after the Effective Date, or (b) thirty (30) days after the entry of an order rejecting such executory contract or unexpired lease. Any Claim not filed within such time period shall be forever barred. The Reorganized Debtors shall have the exclusive right to object to any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the terms of Section 8.05 of this Plan.

Section 6.05. Treatment of Rejection Claims. The Bankruptcy Court shall determine any objections Filed in accordance with Section 8.05 hereof at a hearing to be held on a date to be determined by the Bankruptcy Court. Subject to any statutory limitation, including, but not limited to the limitations contained in sections 502(b)(6) and 502(b)(7) of the Bankruptcy Code, any Claims arising out of the rejection of executory contracts and unexpired leases shall, pursuant to section 502(g) of the Bankruptcy Code, be Impaired and treated as Class 7 Rejection Claims in accordance with Section 3.11 of the Plan.

Section 6.06. Executory Contracts and Unexpired Leases Entered Into and Other Obligations Incurred After the Petition Date. On the Effective Date, all contracts, leases, and other agreements entered into by any or all of the Debtors on or after the Petition Date, which agreements have not been terminated in accordance with their terms on or before the Effective Date, shall revest in and remain in full force and effect as against the Reorganized Debtors and the other parties to such contracts, leases and other agreements.

Section 6.07. Reorganized Debtors' Indemnification Obligations. To the extent not inconsistent with the Plan, any obligations of the Debtors, pursuant to their respective articles of incorporation or by-laws, applicable state law or their specific agreement, to indemnify a Person with respect to all present and future actions, suits and proceedings against the Debtors, the Reorganized Debtors or such indemnified Person, based upon any act or omission related to service with, or for or on behalf of, the Debtors or the Reorganized Debtors, shall survive Confirmation of the Plan and shall not be impaired by Confirmation of the Plan, but shall be deemed and treated as executory contracts that are assumed and, as applicable, amended by the Debtors pursuant to the Plan and section 365 of the Bankruptcy Code, except to the extent any such obligation has been released, discharged or modified pursuant to the Plan. Such indemnification obligations shall survive unaffected by the Plan and shall be performed and honored by the Reorganized Debtors. Anything to the contrary notwithstanding, no such indemnification obligation shall survive with respect to Wind Point, any other LC Provider, or any of their respective affiliated entities in any capacity.

Section 6.08. Benefit Programs. Except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Effective Date, all officer, director or employee compensation and benefit programs of the Debtors entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed under Section 6.01 of the Plan, but only to the extent that rights under such programs are held by the Debtors or Persons who are employees of the Debtors as of the Effective Date, and the Debtors' obligations under such programs to Persons who are employees of the Debtors on the Effective Date shall survive Confirmation of the Plan, except for (a) any officer, director or employee compensation and benefit program that entitled such Persons to receive or to acquire any Old USI Holdings Common Stock or Interests, (b) executory contracts or plans specifically rejected pursuant to the Plan, and (c) executory contracts or plans that have previously been rejected, are the subject of a motion to reject, or have been specifically waived by the beneficiaries of any plans or contracts. Notwithstanding any other provision of the Plan, any entitlement to receive or to acquire Old USI Holdings Common Stock or Interests held as of the Effective Date by any officer, director or employee of any of the Debtors, or any other Person, whether automatic or contained in a compensation and benefit program, shall be terminated and any resulting Claims shall be Disallowed.

ARTICLE VII MEANS FOR IMPLEMENTATION OF THE PLAN

Section 7.01. Corporate Action. The entry of the Confirmation Order shall constitute authorization for the Debtors and the Reorganized Debtors to take or to cause to be taken all corporate actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court, including, without limitation, (a) the cancellation of the Old USI Holdings Common Stock and Interests, (b) the issuance of the New USI Holdings Common Stock, (c) the election of directors and officers in accordance with Section 10.02 of the Plan, (d) the adoption of the New Debtors Certificates of Incorporation and By-laws, (e) the consummation of the New Senior Secured Term Loan, (f) the execution and delivery of the New Senior Secured Loan Documents, (g) the execution and delivery of the new Senior Management Contracts, and (h) the adoption of New Management Incentive Plan. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the stockholders or directors of the Debtors or the Reorganized Debtors. On the Effective Date, the appropriate officers and directors of the Debtors and the Reorganized Debtors are authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan and the Plan Supplement in the name and on behalf of the Debtors and the Reorganized Debtors.

Section 7.02. Articles of Organization. The New Debtors' Certificates of Incorporation and By-Laws shall contain such provisions as are required to satisfy the provisions of the Plan and the Bankruptcy Code and shall include, among other things, (a) authorization to issue a maximum number of shares of New USI Holdings Common Stock to be determined by the Requisite Consenting First Lien Lenders (currently expected to be 3,000,000), (b) a prohibition on the issuance of nonvoting equity securities to the extent, and only to the extent, required by section 1123(a)(6) of the Bankruptcy Code, (c) a prohibition on the repurchase, by

the Debtors, of New USI Holdings Common Stock or the issuance of dividends or other Cash distributions on New USI Holdings Common Stock until such time as the New Senior Secured Term Loan is repaid in full, (d) provisions for a five (5) member Board of Directors of Reorganized USI Holdings consisting of the Reorganized Debtors' Chief Executive Officer and four (4) members appointed by the Consenting First Lien Lenders, (e) such other provisions as required by the New Shareholder Agreement, and (f) other provisions ordinary and customary in such situations so long as they are not inconsistent with any of the provisions to contained in the foregoing (a) and (e).

Section 7.03. Issuance of New USI Holdings Common Stock. On the Effective Date, all of the issued and outstanding Old USI Holdings Common Stock and Interests shall be canceled, and the New USI Holdings Common Stock shall be issued to the Holders of Allowed Class 5 and 6 Claims, in accordance with Sections 3.09 and 3.10 of the Plan. Without limiting the effect of section 1145 of the Bankruptcy Code, on the Effective Date, Reorganized USI Holdings will enter into the New Registration Rights Agreement with each Person (a) who by virtue of holding New Common Stock and/or its relationship with Reorganized USI Holdings could reasonably be deemed to be an "underwriter" or "affiliate" (as such terms are used within the meaning of applicable securities laws) of Reorganized USI Holdings and (b) who requests in writing that Reorganized USI Holdings execute such agreement.

Section 7.04. New Senior Secured Term Loan. On the Effective Date, the Debtors shall execute the New Senior Secured Loan Documents (which shall mature six years after the Effective Date). Interest on the New Senior Secured Term Loan shall accrue as follows: cash pay interest, payable quarterly, at per annum rate of (i) LIBOR plus 1.5% for the first two (2) years following the Effective Date, and (ii) LIBOR plus 4.0% thereafter, provided that, the Reorganized Debtors may elect that up to twelve (12) quarterly interest payments prior to the stated maturity date be paid in kind ("PIK"), provided further that, (a) with respect to any such PIK election during the first two (2) years after the Effective Date, after the fourth such election, the interest rate for the quarter subject to such PIK election shall be LIBOR plus 4.0%, and (b) thereafter, the applicable interest rate for any quarter subject to a PIK election shall be LIBOR plus 6.0%. The unpaid principal amount of the New Senior Secured Term Loan will be due and payable on the maturity date. All other terms and conditions of the New Senior Secured Loan Documents shall be acceptable to the Debtors and the Requisite Consenting First Lien Lenders, and shall otherwise be consistent with the Term Sheet.

Section 7.05. Operations Between the Confirmation Date and the Effective Date. The Debtors shall continue to operate as debtors-in-possession, subject to the supervision of the Bankruptcy Court, during the period from the Confirmation Date through and until the Effective Date.

Section 7.06. Revesting of Assets. Except as otherwise expressly provided in the Plan, pursuant to sections 1123(a)(5), 1123(b)(3) and 1141(b) of the Bankruptcy Code, all Property comprising the Estates of each Debtor, including, but not limited to, all Avoidance Actions and all Causes of Action shall automatically be retained and revert in the relevant Reorganized Debtor or its respective successor, free and clear of all Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests of Creditors and equity security holders on the Effective Date, with all such Claims, Liens, contractually-imposed restrictions,

charges, encumbrances and Interests being extinguished except as otherwise provided in the Plan or in connection with the New Senior Secured Term Loan and the New Senior Secured Loan Documents. As of the Effective Date, each Reorganized Debtor may operate its business and use, acquire and dispose of Property and settle and compromise Claims or Interests without supervision of the Bankruptcy Court free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges it incurs for professional fees, disbursements, expenses, or related support services after the Effective Date without any application to the Bankruptcy Court.

Section 7.07. Approval of Agreements. The solicitation of votes on the Plan shall be deemed a solicitation of the Holders of Claims for the approval of all other agreements and transactions contemplated by the Plan and the Plan Supplement, including, without limitation, the New Senior Secured Loan Documents, the New Shareholder Agreement, the New Registration Rights Agreement, the New Management Incentive Plan and the Senior Management Contracts. Entry of the Confirmation Order shall constitute approval of such agreements and transactions and the Confirmation Order shall so provide. On the Effective Date, each of the Creditors receiving New USI Holdings Common Stock under the terms of the Plan shall automatically become parties to the New Shareholder Agreement and the New Registration Rights Agreement without any action on their part, and such shares of New USI Holdings Common Stock and the rights of such Creditors with respect thereto shall be subject to the terms and conditions of the New Shareholder Agreement and the New Registration Rights Agreement.

Section 7.08. Adoption or Assumption of Senior Management Contracts. On the Effective Date, the Reorganized Debtors shall (i) assume existing Senior Management Contracts with members of Senior Management (each as they may be amended in accordance with Exhibit B to the Term Sheet), or (ii) enter into new Senior Management Contracts and all previous employment contracts with members of Senior Management shall be deemed cancelled, extinguished and superseded in all respects by the new Senior Management Contracts and the members of Senior Management party to such previous contracts shall have no rights thereunder.

Section 7.09. Adoption of New Management Incentive Plan. On the Effective Date, Reorganized USI Holdings (with the consent of the Requisite Consenting First Lien Lenders) will adopt the New Management Incentive Plan.

Section 7.10. Liquidity LC Settlement Payment. On the Effective Date, the Liquidity LC Providers shall pay the Liquidity LC Settlement Payment to Reorganized USI, to be used for operations and general corporate purposes. Upon payment of the Liquidity LC Settlement Payment hereunder, the Liquidity Letter of Credit and Liquidity LC Agreement shall be cancelled, returned, and of no further force and effect.

Section 7.11. Supplemental LC Facility. The Reorganized Debtors shall continue to have the right to use letters of credit issued under the Supplemental LC Facility up to a maximum amount available for drawing equal to \$7,600,000 for eighteen (18) months following the Effective Date. Any new letter of credit issued under the Supplemental LC Facility only will be issued to support ordinary course obligations of the Reorganized Debtors. The Reorganized Debtors will use reasonable best efforts to prevent a draw on the letters of

credit issued thereunder. In the event of any drawings under letters of credit issued under the Supplemental LC Facility, the Reorganized Debtors shall only be required to reimburse the Supplemental LC Providers (and not the issuer of the letters of credit) in connection with the first Liquidity Event (as defined below) to occur prior to the seventh (7th) anniversary of the Effective Date, in an amount up to the aggregate amount of such drawings (the “Supplemental LC Facility Reimbursement Amount”), provided, that that the Trigger (as defined below) equals or exceeds \$0 (after giving effect to such reimbursement). For purposes of this Section 7.11, the “Trigger” shall be a fixed amount at which (1) the product of (x) fully-diluted per share equity value of Reorganized USI Holdings at the time of the Liquidity Event and (y) the sum of the number of shares of New USI Holdings Common Stock issued to the First Lien Lenders and the Second Lien Lenders on the Effective Date, exceeds (2) (i) the sum of (a) the aggregate amount of all Allowed First Lien Secured Claims and (b) all unpaid interest and all other Obligations (as defined in the First Lien Credit Agreement) that accrue from the Petition Date through and including the Effective Date, minus (ii) the original principal amount, as of the Effective Date of the New Senior Secure Term Loan, minus (iii) the amount of all cash dividends or distributions in respect of the New USI Holdings Common Stock following the Effective Date and prior to the Liquidity Event, plus (iv) the Supplemental LC Facility Reimbursement Amount paid by the Reorganized Debtors. For purposes of this Section 7.11, (a) “Liquidity Event” means: (i) a Sale of the Company (as defined below) or (ii) an initial public offering of the equity securities of Reorganized USI Holdings and (b) “Sale of the Company” means the consummation of (a) the sale, assignment, transfer, participation, gift, bequest, distribution or other disposition thereof (in one or a series of related transactions) of all or substantially all of Reorganized USI Holdings’ consolidated assets to a person or a group of persons acting in concert (other than to a subsidiary of Reorganized USI Holdings); (b) the transfer (in one or a series of related transactions) of a majority of the outstanding shares of New USI Holdings Common Stock to one person or a group of persons acting in concert; or (c) the merger or consolidation of Reorganized USI Holdings with or into another person; provided that in the case of clauses (b) and (c) above, under circumstances in which the holders of a majority of the voting power of the outstanding equity securities of Reorganized USI Holdings immediately prior to such transaction own less than a majority in voting power of the outstanding equity securities of Reorganized USI Holdings or the surviving or resulting corporation or acquirer, as the case may be, immediately following such transaction.

Section 7.12. Corporate Structure Changes. [TBD if any structure changes.]

ARTICLE VIII

PRESERVATION OF CAUSES OF ACTION AND RIGHT TO DEFEND AND CONTEST

Section 8.01. Preservation of Rights. Except to the extent that any Claim is Allowed during the Chapter 11 Cases or expressly by this Plan, nothing, including, but not limited to, the failure of the Debtors or the Reorganized Debtors to object to a Claim or Interest for any reason during the pendency of the Chapter 11 Cases, shall affect, prejudice, diminish or impair the rights and legal and equitable defenses of the Debtors or the Reorganized Debtors with respect to any Claim or Interest, including, but not limited to, all rights of the Debtors or Reorganized Debtors to contest or defend themselves against such Claims or Interests in any

lawful manner or forum when and if such Claim or Interest is sought to be enforced by the Holder thereof.

Section 8.02. Rights of Action. Except as otherwise provided in the Plan, all Causes of Action, including Avoidance Actions, shall automatically be retained and preserved and will revert in the Reorganized Debtors. Pursuant to section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors (as representatives of the Debtors' Estates) will retain and have the exclusive right to enforce and prosecute such Causes of Action against any Entity, that arose before the Effective Date, other than those expressly released or compromised as part of or pursuant to the Plan.

Section 8.03. Setoffs. Except to the extent that any Claim is Allowed, the Debtors or the Reorganized Debtors, as applicable, may, but shall not be required to, set off against any Claims and the payments or distributions to be made pursuant to the Plan in respect of such Claims, any and all debts, liabilities, Causes of Action and claims of every type and nature whatsoever which the Estates, the Debtors or the Reorganized Debtors may have against their Creditors, but neither the failure to do so nor the allowance of any such Claims, whether pursuant to the Plan or otherwise, shall constitute a waiver or release by the Debtors of any such claims or Causes of Action the Debtors may have against such Creditors, and all such claims and Causes of Action which are not expressly released pursuant to the Plan shall be reserved to and retained by the Reorganized Debtors.

Section 8.04. No Payment or Distribution Pending Allowance. All references to Claims and amounts of Claims refer to the amount of the Claim Allowed by agreement of the Debtors or Reorganized Debtors and the Holder of such Claim, by operation of law, by Final Order, or by this Plan. Notwithstanding any other provision in the Plan, no payment or distribution shall be made on account of or with respect to any Claim to the extent it is a Disputed Claim unless and until the Disputed Claim becomes an Allowed Claim.

Section 8.05. Resolution of Disputed Claims. Unless otherwise ordered by the Court after notice and a hearing, the Reorganized Debtors shall have the exclusive right, on and after the Effective Date, to File objections to Claims (except those specifically Allowed by this Plan) and shall serve a copy of each such objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than the later of (a) seventy five (75) days after the Effective Date, and (b) seventy five (75) days after the date on which any Claim is Filed. The foregoing deadlines may be extended by order of the Court. An objection to any Claim shall be deemed properly served on the Holder thereof if the Reorganized Debtors effect service in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Federal Rule of Bankruptcy Procedure 7004; (b) by first class mail, postage prepaid, on the signatory on the proof of claim or other representative identified in the proof of claim or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the Holder's behalf in the Chapter 11 Cases.

ARTICLE IX
CONDITIONS TO CONSUMMATION OF THE PLAN

Section 9.01. Confirmation Order. The Confirmation Order shall not be entered unless and until the form and substance thereof, as well as any amendments to the Plan and Plan Supplement(s), have been approved by the Debtors and the Requisite Consenting First Lien Lenders. The Confirmation Order shall, among other things, (a) authorize the issuance of the New USI Holdings Common Stock and the other transactions contemplated by the Plan, and (b) provide that the provisions of the Confirmation Order are non-severable and mutually dependent.

Section 9.02. Conditions to Effective Date. The Plan shall not be consummated, and the Effective Date shall not occur, unless and until the following conditions have occurred or have been duly waived (if waivable) pursuant to Section 9.03 below:

(a) the Bankruptcy Court shall have approved the information contained in the Disclosure Statement as adequate;

(b) the Confirmation Order shall have been entered and shall not be stayed by order of a court of competent jurisdiction;

(c) all documents and agreements required to be executed or delivered under the Plan on or prior to the Effective Date shall have been executed and delivered by the parties thereto;

(d) the Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) authorizing and directing the Debtors and the Reorganized Debtors to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, indentures and other agreements or documents created, amended, supplemented, modified or adopted in connection with the Plan;

(e) the New Debtors Certificates of Incorporation shall have been filed with the applicable authority of each such Debtors' jurisdiction of incorporation or organization in accordance with such jurisdiction's applicable law;

(f) all authorizations, consents and regulatory approvals required, if any, in connection with the Plan's effectiveness shall have been obtained;

(g) the New Senior Secured Loan Documents shall have been entered into and shall be in form and substance reasonably acceptable to the Debtors and the Requisite Consenting First Lien Lenders;

(h) the Senior Management Contracts shall have been (i) assumed by the Debtors pursuant to the Plan, or (ii) entered into by the parties thereto (as applicable);

(i) the New Management Incentive Plan shall have been adopted and shall be in form and substance reasonably acceptable to the Debtors and the Requisite Consenting First Lien Lenders;

(j) the New Shareholder Agreement and the New Registration Rights Agreement shall have been entered into and shall be in form and substance reasonably acceptable to the Debtors and the Requisite Consenting First Lien Lenders;

(k) no order of a court shall have been entered and shall remain in effect restraining the Debtors from consummating the Plan.

Section 9.03. Waiver of Conditions to Consummation. The conditions to consummation in Section 9.02 (other than 9.02(a) and (b)) may be waived at any time by a writing signed by an authorized representative of each of the Debtors and the Requisite Consenting First Lien Lenders without notice or order of the Bankruptcy Court or any further action other than proceeding to consummation of the Plan.

Section 9.04. Effect of Failure or Absence of Waiver of Conditions Precedent to the Effective Date of the Plan. In the event that one or more of the conditions specified in Section 9.02 of the Plan have not occurred (or been waived), upon notification submitted by the Debtors to the Bankruptcy Court, (a) the Confirmation Order, automatically and without further order of the Bankruptcy Court, and shall be deemed, vacated, null and void, with no force or legal effect whatsoever, (b) no distributions under the Plan shall be made, (c) all Property of the Estates shall revert in the Debtors' Estates, (d) the Debtors and all Holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred and (e) the Debtors' obligations with respect to the Claims and Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Interests by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors.

ARTICLE X OPERATION AND MANAGEMENT OF THE REORGANIZED DEBTORS

Section 10.01. Post-Effective Date Operation of Business. From and after the Effective Date, the Reorganized Debtors will continue to exist and engage in business as separate corporate entities, in accordance with the applicable law in the respective jurisdictions in which they are incorporated and pursuant to the New Debtors Certificates of Incorporation and By-laws.

Section 10.02. Post Effective Date Officers and Directors. On the Effective Date, the officers of the Reorganized Debtors (a) shall be those Persons serving in those positions prior to the Effective Date and (b) will be reimbursed for all reasonable costs and expenses, and will receive compensation, as set forth in the Senior Management Contracts, with all such payments to be made by the respective Reorganized Debtors. The identities of the members of the Boards of Directors of Reorganized USI Holdings and the Reorganized Debtors, which shall serve on the Effective Date, will be identified in the Plan Supplement.

ARTICLE XI EFFECTS OF CONFIRMATION

Section 11.01. Discharge. To the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), and except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims of any nature whatsoever against the Debtors or any of their assets or properties, regardless of whether any Property shall have been distributed or retained pursuant to the Plan on account of such Claims. Upon the Effective Date, and except as expressly contemplated in this Plan, the Debtors, and each of them, shall: (a) be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, debts (as such term is defined in section 101(12) of the Bankruptcy Code), Liens, security interests, and encumbrances of and against all Property of the respective Estates, the Debtors, or the Reorganized Debtors that arose prior to the Effective Date, including without limitation, all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) such Claim has been Allowed pursuant to section 502 of the Bankruptcy Code, or (ii) the Holder of such Claim has voted to accept the Plan; and, (b) terminate all Interests of the Holders of Old USI Holdings Common Stock and Interests. Further, as of the Effective Date, all entities, including, without limitation, all Holders of Claims or Interests, shall be barred and enjoined from asserting against the Debtors or the Reorganized Debtors, their successors or their Property any other or further Claims, debts, rights, Causes of Action, liabilities or Interests relating to the Debtors based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date, except for those obligations expressly created by, or reserved in, this Plan. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Interests of the Holders of Old USI Holdings Common Stock and Interests, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge and termination shall void any judgment obtained against the Debtors or the Reorganized Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

Section 11.02. Injunction.

(a) Discharged Claims and Terminated Interests. Except as otherwise expressly provided for in the Plan or the Confirmation Order and to the fullest extent authorized or provided by the Bankruptcy Code, including sections 524 and 1141 thereof, the entry of the Confirmation Order shall, provided that the Effective Date occurs, permanently enjoin all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is Impaired or terminated pursuant to the terms of the Plan from taking any of the following actions against the Debtors, the Reorganized Debtors or their Property on account of any such discharged Claims, debts or liabilities or such terminated Interests or rights: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind; (ii) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or enforcing in any manner, directly or indirectly, any Lien or encumbrance of any kind; (iv) asserting any setoff, offset, right of subrogation or recoupment of any kind, directly or indirectly, against any

debt, liability or obligation due to the Debtors or the Reorganized Debtors; and (v) proceeding in any manner in any place whatsoever, including employing any process, that does not conform to or comply with or is inconsistent with the provisions of the Plan.

(b) Released Claims. As of the Effective Date, the Confirmation Order shall constitute an injunction permanently enjoining any Person that has held, currently holds or may hold a Claim, demand, debt, right, Cause of Action or liability that is released pursuant to Section 11.04 of the Plan from enforcing or attempting to enforce any such Claim, demand, debt, right, Cause of Action or liability against any (i) Debtor, (ii) Reorganized Debtor, (iii) Releasee, or (iv) Exculpated Person, or any of their respective Property, based on, arising from or relating to, in whole or in part, any act, omission, or other occurrence taking place on or prior to the Effective Date with respect to or in any way relating to the Chapter 11 Cases, all of which claims, demands, debts, rights, Causes of Action or liabilities shall be deemed released on and as of the Effective Date; provided, however, this injunction shall not apply to (a) any claims Creditors may assert under the Plan to enforce their rights thereunder to the extent permitted by the Bankruptcy Code or (b) any claims Creditors or other third parties may have against each other, which claims are not related to the Debtors and the Reorganized Debtors, it being understood, however, that any defenses, offsets or counterclaims of any kind or nature whatsoever which the Debtors may have or assert in respect of any of the claims of the type described in (a) or (b) of this proviso are fully preserved.

Section 11.03. Exculpation. None of the Debtors, Reorganized Debtors or Exculpated Persons shall have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates or any of their successors or assigns, for any act taken or omission made in connection with, relating to, or arising out of, the Chapter 11 Cases, Filing, negotiating, prosecuting, administering, formulating, implementing, confirming or consummating this Plan, or the Property to be distributed under this Plan, including all activities leading to the promulgation and confirmation of the Plan, the Disclosure Statement (including any information provided or statement made in the Disclosure Statement or omitted therefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the Plan or the administration of the Debtors or these Chapter 11 Cases; provided, however, that the foregoing exculpation shall not apply to any act of gross negligence or willful misconduct.

Section 11.04. Releases.

(a) Releases by Debtors. Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors and the Reorganized Debtors, in their individual capacities and as debtors in possession, will be deemed to have forever released, waived and discharged the Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or

unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, or the Plan; provided, however, that no Releasee shall be released or discharged from any Claims, obligations, suits, judgments, debts or Causes of Action arising out of or in connection with indebtedness for money borrowed by any such person from any of the Debtors.

(b) Releases by Holders of Claims and Interests. Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, to the fullest extent permitted under applicable law, in consideration for the obligations of the Persons set forth below under the Plan and, if applicable, the Cash, securities, contracts, releases and other agreements or documents to be delivered in connection with the Plan, each Holder of a Claim or Interest and any Affiliate of any such Holder (as well as any trustee or agent on behalf of each such Holder) shall be deemed to have forever waived, released and discharged (i) the Debtors, (ii) the Reorganized Debtors, and (iii) the Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, or the Plan.

Section 11.05. Indemnification. To the extent not inconsistent with the Plan or the Confirmation Order and to the fullest extent permitted by applicable law, including, but not limited to the extent provided in their constituent documents, contracts (including, but not limited to, employment agreement or indemnification agreement), statutory law or common law, the Reorganized Debtors will indemnify, hold harmless and reimburse the Exculpated Persons from and against any and all losses, claims, Causes of Action, damages, fees, expenses, liabilities and actions: (a) for any act taken or omission made in good faith in connection with or in any way related to negotiating, formulating, implementing, confirming or consummating the Plan, the Disclosure Statement, or any contract, instrument, release or other agreement or document created in connection with the Plan or the administration of the Chapter 11 Cases; or (b) for any act or omission in connection with or arising out of the administration of the Plan or the Property to be distributed under the Plan or the operations or activities of the Reorganized Debtors, and any Claims of any such Exculpated Person against the Debtors or the Reorganized Debtors on account of such indemnification obligations shall be unaltered and Unimpaired within the meaning of section 1124(1) of the Bankruptcy Code, except that none of the Debtors or the Reorganized Debtors shall have any obligation to indemnify any Exculpated Person for any acts or omissions that constitute gross negligence or willful misconduct as such is finally determined by a court of competent jurisdiction. Such indemnification obligations shall survive unaffected

by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

Section 11.06. Other Documents and Actions. The Debtors and the Reorganized Debtors are authorized to execute such documents and take such other action as is necessary to effectuate the transactions provided for in the Plan.

Section 11.07. Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105(a) or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

Section 11.08. Preservation of Insurance. Except as necessary to be consistent with the Plan, the Plan and the discharge provided herein shall not diminish or impair: (a) the enforceability of insurance policies that may cover Claims against the Debtors or any other Person or Entity; or (b) the continuation of workers' compensation programs in effect, including self-insurance programs.

Section 11.09. Guaranties. Notwithstanding the existence of guaranties by the Debtors of obligations of any Entity or Entities, and the Debtors' joint obligations with another Entity or Entities with respect to the same obligations, all Claims against the Debtors based upon any such guaranties shall be satisfied, discharged and released in the manner provided in this Plan and the Holders of Claims shall be entitled to only one distribution with respect to any given obligation of the Debtors.

Section 11.10. Subordination Rights. Any distributions under the Plan shall be received and retained free of and from any obligations to hold or transfer the same to any other Creditor, and shall not be subject to levy, garnishment, attachment or other legal process by any Holder by reason of claimed contractual subordination rights and such subordination rights shall be waived and the Confirmation Order shall constitute an injunction enjoining any Person from enforcing or attempting to enforce any contractual, legal or equitable subordination rights to Property distributed under the Plan, in each case other than as provided in the Plan.

Section 11.11. No Successor Liability. Except as otherwise expressly provided in the Plan, the Debtors and the Reorganized Debtors do not, pursuant to the Plan or otherwise, assume, agree to perform, pay, or indemnify or otherwise have any responsibilities for any liabilities or obligations of the Debtors relating to or arising out of the operations of or assets of the Debtors, whether arising prior to, on, or after the Effective Date. The Reorganized Debtors are not, and shall not be, successors to the Debtors by reason of any theory of law or equity, and none shall have any successor or transferee liability of any kind or character, except that the Reorganized Debtors shall assume the obligations specified in the Plan and the Confirmation Order.

ARTICLE XII RETENTION OF JURISDICTION

Section 12.01. Exclusive Jurisdiction of Bankruptcy Court. Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain after the Effective Date exclusive jurisdiction of all matters arising out of, arising in or related to the Chapter 11 Cases to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:

(a) classify or establish the priority or secured or unsecured status of any Claim (whether Filed before or after the Effective Date and whether or not contingent, Disputed or unliquidated) or resolve any dispute as to the treatment of any Claim pursuant to the Plan;

(b) grant or deny any applications for allowance of compensation or reimbursement of expenses pursuant to sections 330, 331 or 503(b) of the Bankruptcy Code or otherwise provided for in the Plan, for periods ending on or before the Effective Date;

(c) determine and resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

(d) ensure that all payments due under the Plan and performance of the provisions of the Plan are accomplished as provided herein and resolve any issues relating to distributions to Holders of Allowed Claims pursuant to the provisions of the Plan;

(e) construe, take any action and issue such orders, prior to and following the Confirmation Date and consistent with section 1142 of the Bankruptcy Code, as may be necessary for the enforcement, implementation, execution and consummation of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, including, without limitation, the Disclosure Statement and the Confirmation Order, for the maintenance of the integrity of the Plan and protection of the Reorganized Debtors in accordance with sections 524 and 1141 of the Bankruptcy Code following consummation;

(f) determine and resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation, implementation or enforcement of the Plan (and all Exhibits to the Plan and the Plan Supplement) or the Confirmation Order, including the indemnification and injunction provisions set forth in and contemplated by the Plan or the Confirmation Order, or any Entity's rights arising under or obligations incurred in connection therewith;

(g) hear any application of the Debtors or Reorganized Debtors to modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code and Section 13.04 hereof or modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or

other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code and the Plan;

(h) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;

(i) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

(j) determine any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, except as otherwise provided in the Plan;

(k) determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(l) hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;

(m) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(n) enter a final decree closing the Chapter 11 Cases;

(o) determine and resolve any and all controversies relating to the rights and obligations of the Disbursing Agent in connection with the Chapter 11 Cases;

(p) allow, disallow, determine, liquidate or estimate any Claim, including the compromise, settlement and resolution of any request for payment of any Claim, the resolution of any Objections to the allowance of Claims and to hear and determine any other issue presented hereby or arising hereunder, including during the pendency of any appeal relating to any Objection to such Claim (to the extent permitted under applicable law);

(q) permit the Debtors to recover all assets of the Debtors and Property of their respective Estates, wherever located;

(r) hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar or related matters with respect to the Debtors or the Debtors' respective Estates arising prior to the Effective Date or relating to the period of administration of the Chapter 11 Cases, including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(s) hear and determine any motions, applications, adversary proceedings, contested matters and other litigated matters pending on, Filed or commenced after the Effective Date that may be commenced by the Debtors thereafter, including Avoidance Actions, proceedings with respect to the rights of the Debtors to recover Property under sections 542, 543 or 553 of the Bankruptcy Code, or proceedings to otherwise collect to recover on account of any claim or Cause of Action that the Debtors may have; and

(t) hear any other matter not inconsistent with the Bankruptcy Code.

Section 12.02. Failure of Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Debtors, including with respect to the matters set forth above in Section 12.01 hereof, this Article XII shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

ARTICLE XIII MISCELLANEOUS PROVISIONS

Section 13.01. Binding Effect of Plan. The provisions of the Plan shall be binding upon and inure to the benefit of the Debtors, the Estates, the Reorganized Debtors, any Holder of any Claim or Interest treated herein or any Person named or referred to in the Plan, and each of their respective heirs, executors, administrators, representatives, predecessors, successors, assigns, agents, officers and directors, and, to the fullest extent permitted under the Bankruptcy Code and other applicable law, each other Person affected by the Plan.

Section 13.02. Withdrawal of the Plan. The Debtors reserve the right, at any time prior to Confirmation of the Plan, to withdraw the Plan. If the Plan is withdrawn, the Plan shall be null and void and have no force and effect. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

Section 13.03. Final Order. Except as otherwise expressly provided in the Plan, any requirement in the Plan for a Final Order may be waived by the Debtors (with the consent of the Requisite Consenting First Lien Lenders) or, after the Effective Date, the Reorganized Debtors upon written notice to the Bankruptcy Court. No such waiver shall prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order.

Section 13.04. Modification of the Plan. The Debtors may alter, amend or modify the Plan (with the consent of the Requisite Consenting First Lien Lenders and, if such alteration, amendment or modification would adversely impact any Claim or right of the Consenting Second Lien Lenders or Wind Point as provided in the Plan Support Agreement, with the consent of the Requisite Consenting Second Lien Lenders or Wind Point, as the case may be) in accordance with section 1127 of the Bankruptcy Code or as otherwise permitted at any time prior to the Confirmation Date. After the Confirmation Date and prior to the substantial consummation of the Plan, and in accordance with the provisions of section 1127(b) of the Bankruptcy Code and the Bankruptcy Rules, the Debtors may (with the consent of the Requisite

Consenting First Lien Lenders), so long as the treatment of Holders of Claims or Interests under the Plan is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, prior notice of such proceedings shall be served in accordance with Bankruptcy Rules 2002 and 9014.

Section 13.05. Business Days. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

Section 13.06. Severability. Should the Bankruptcy Court determine, prior to the Confirmation Date, that any provision of the Plan is either illegal on its face or illegal as applied to any Claim or Interest, such provision shall be unenforceable as to all Holders of Claims or Interests or to the specific Holder of such Claim or Interest, as the case may be, as to which such provision is illegal. Unless otherwise determined by the Bankruptcy Court, such a determination of unenforceability shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan. The Debtors reserve the right not to proceed with Confirmation or consummation of the Plan if any such ruling occurs.

Section 13.07. Governing Law. EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE OR BANKRUPTCY RULES OR OTHER FEDERAL LAWS ARE APPLICABLE, AND SUBJECT TO THE PROVISIONS OF ANY CONTRACT, INSTRUMENT, RELEASE, INDENTURE OR OTHER AGREEMENT OR DOCUMENT ENTERED INTO IN CONNECTION WITH THE PLAN, THE CONSTRUCTION, IMPLEMENTATION AND ENFORCEMENT OF THE PLAN AND ALL RIGHTS AND OBLIGATIONS ARISING UNDER THE PLAN SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO CONFLICTS-OF-LAW PRINCIPLES WHICH WOULD APPLY THE LAW OF A JURISDICTION OTHER THAN THE STATE OF DELAWARE.

Section 13.08. Dissolution of Committee. On the Effective Date, any Committee shall be automatically dissolved and all of its members, Professionals and agents shall be deemed released of their duties, responsibilities and obligations, and shall be without further duties, responsibilities and authority in connection with the Debtors, the Chapter 11 Cases, the Plan or its implementation.

Section 13.09. Payment of Fees and Expenses of the First Lien Agent, First Lien Lenders, Second Lien Agent and Second Lien Lenders. The Debtors or the Reorganized Debtors (as applicable) shall pay the reasonable fees and expenses incurred by the First Lien Agent, the First Lien Lenders, the Second Lien Agent and the Second Lien Lenders in connection with the Chapter 11 Cases and the performance of their duties pursuant to the terms of the Plan Support Agreement (as long as such duties are performed prior to the Effective Date) in accordance with the provisions of the Term Sheet and the Cash Collateral Order.

Section 13.10. Intentionally Omitted.

Section 13.11. Payment of Statutory Fees. All U.S. Trustee's Fee Claims, as determined, if necessary, by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date.

Section 13.12. Post-Confirmation Operating Reports. The Debtors shall continue to file quarterly operating reports as required by the United States Trustee until such time as an order is entered under section 350(a) of the Bankruptcy Code closing the Bankruptcy Cases.

Section 13.13. Notices. Any notice required or permitted to be provided under this Plan to the Debtors or the Reorganized Debtors, or any request for information with respect to the Plan, shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

United Subcontractors, Inc.
5201 Eden Avenue, Suite 220
Edina, MN 55436
Attn: Timothy Gallagher
Email: tgallagher@unitedsub.com

With a copy to:

Proskauer Rose LLP
70 West Madison Street
Chicago, Illinois 60602
Attn.: Mark K. Thomas
Email: mthomas@proskauer.com

Section 13.14. Filing of Additional Documents. On or before substantial consummation of the Plan, the Debtor shall issue, execute, deliver, and File with the Bankruptcy Court or record any agreements and other documents, and take any action as may be necessary or appropriate to effectuate, consummate and further evidence the terms and conditions of the Plan.

Section 13.15. Section 1125 of the Bankruptcy Code.

(a) The Debtors have, and upon Confirmation of the Plan shall be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code and (b) the Debtors (and each of their respective Affiliates, officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other representatives and Professionals), have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, and purchase of the securities offered and sold under the Plan, and are not, and on account of such offer, issuance, sale, solicitation, and/or purchase will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of

acceptances or rejections of the Plan or the offer, issuance, sale, or purchase of the securities offered and sold under the Plan.

Section 13.16. Section 1146 Exemption. To the fullest extent permitted under section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, if any, or the execution, delivery or recording of an instrument of transfer under the Plan, or the revesting, transfer or sale of any real or other Property of or to the Debtors or the Reorganized Debtors, shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax or similar tax.

Section 13.17. Section 1145 Exemption. To the fullest extent permitted under section 1145 of the Bankruptcy Code, the issuance of the New USI Holdings Common Stock on the Effective Date shall be exempt from the registration requirements of Section 5 of the Securities Act and any and all federal, state and local laws requiring the registration or licensing of an issuer, underwriter, broker or dealer in such securities.

Section 13.18. Time. Unless otherwise specified herein, in computing any period of time prescribed or allowed by the Plan, the day of the act or event from which the designated period begins to run shall not be included. The last day of the period so computed shall be included, unless it is not a Business Day, in which event the period runs until the end of next succeeding day that is a Business Day. Otherwise, the provisions of Bankruptcy Rule 9006 shall apply.

Section 13.19. No Attorneys' Fees. No attorneys' fees will be paid by the Debtors with respect to any Claim or Interest except as expressly specified herein or by order of the Bankruptcy Court (including the Cash Collateral Order).

Section 13.20. No Injunctive Relief. No Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable or other prospective relief.

Section 13.21. Non-Voting Equity Securities. The Debtors shall comply with the provisions of section 1123(a)(6) of the Bankruptcy Code.

Section 13.22. Continued Confidentiality Obligations. Pursuant to the terms thereof, members of and advisors to the Committee, any other Holder of a Claim or Interest and their respective predecessors, successors and assigns shall continue to be obligated and bound by the terms of any confidentiality agreement executed by them in connection with these Chapter 11 Cases or the Debtors, to the extent that such agreement, by its terms, may continue in effect after the Confirmation Date.

Section 13.23. No Admissions or Waivers. Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed an admission or waiver by the

Debtors with respect to any matter set forth herein, including, without limitation, liability on any Claim or Interest or the propriety of any classification of any Claim or Interest.

Section 13.24. Entire Agreement. The Plan (and all Exhibits to the Plan and the Plan Supplement) sets forth the entire agreement and undertakings relating to the subject matter hereof and supersedes all prior discussions and documents. The Debtors shall not be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

Section 13.25. Waiver. The Debtors or the Reorganized Debtors, as applicable, reserve the right to waive (with the consent of the Requisite Consenting First Lien Lenders and, if such waiver would adversely impact any Claim or right of the Consenting Second Lien Lenders or Wind Point as provided in the Plan Support Agreement, with the consent of the Requisite Consenting Second Lien Lenders or Wind Point, as the case may be) any provision of this Plan to the extent such provision is for the sole benefit of the Debtors and/or their officers or directors.

Section 13.26. Bar Date for Professionals. Applications for compensation for services rendered and reimbursement of expenses incurred by Professionals (a) from the Petition Date through the Effective Date or (b) at any time during the Chapter 11 Cases when such compensation is sought pursuant to sections 503(b)(2) through (b)(5) of the Bankruptcy Code, shall be Filed no later than forty-five (45) days after the Effective Date or such later date as the Bankruptcy Court approves. Such applications shall be served on (a) the Reorganized Debtors at the address set forth in Section 13.13 of the Plan, (b) counsel to the Debtors at the address set forth in Section 13.13 of the Plan, (c) the Office of the United States Trustee, 833 Chestnut Street, Suite 500, Philadelphia, Pennsylvania 19107, (d) counsel for the First Lien Agent, Lovells LLP, 590 Madison Avenue, New York, NY 10022, Attn: Robin Keller, and (e) counsel to the Second Lien Agent, Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036-6522, Attn: Sarah M. Ward. Applications that are not timely Filed will not be considered by the Court. The Reorganized Debtors may pay any Professional fees and expenses incurred after the Effective Date without any application to the Bankruptcy Court.

CONFIRMATION REQUEST

The Debtors hereby request confirmation of the Plan pursuant to section 1129(a) or section 1129(b) of the Bankruptcy Code.

Dated: May 18, 2009

USI SENIOR HOLDINGS, INC.; UNITED
SUBCONTRACTORS, INC.; USI
INTERMEDIATE HOLDINGS, INC.; SAN
GABRIEL INSULATION, INC.;
CONSTRUCTION SERVICES &
CONSULTANTS, INC.; AND TABOR
INSULATION, INC.

By: /s/
Name: Timothy Gallagher
Title: Chief Financial Officer

04/24/2009 11:51 AM

Appendix B
Financial Projections

attached hereto

Projection Assumptions

General

The Projections have been prepared by the management of the Debtors in consultations with their financial advisors and have been aggregated from the operating forecasts for the Reorganized Debtors along with assets, expenses and liabilities that are projected to exist as a result of the Plan.

The Projections assume the Company's operations continue to serve the homebuilding and commercial construction industries as a subcontractor that installs insulation and a variety of other products, including windows, shelving, garage doors and fireplaces. In addition, the Projections assume the continuation of providing shell contracting services in Florida. The Company continually reviews its operations, the economic environment and the markets in which it competes to evaluate the potential future profitability of each of its product and service offerings. The actual operations of the Company, as well as the financial results from operations, could vary significantly from the assumptions used to generate the Projections as a result of, among other things, changes to the future operations of the Company based on the ongoing assessment of operations and future economic conditions that differ from the assumptions regarding such conditions underlying the current Projections. The near-term projections assume the homebuilding and commercial construction markets continue to decline from their current depressed state and do not begin to improve until 2010.

As with any financial projections, there are certain risks and opportunities to achieving forecast results, including:

- a. The continued downward trend beyond 2009 in general economic, real estate construction and other business conditions which, in turn, will adversely affect the Company's business and financial results.
- b. Little improvement in the homebuilding industry and no increase in housing starts beyond the first half of 2010.
- c. A greater level of intense competition than previously experienced once the market begins to recover leading to lower prices and reduced margins.
- d. Adverse changes in the cost or availability of materials and labor.
- e. A more significant deterioration in the Company's customers' financial and liquidity condition than expected.
- f. The economic environment in the geographical locations of the Company's branches trailing or not improving at a rate similar to the country as a whole.
- g. New federal, state or other regulations that impose substantial costs and/or restrictions on the business.
- h. The Company's inability to retain and attract employees to execute the business plan.

Projected Consolidated Income Statement

The following table sets forth the growth assumptions included in the Projections by revenue type:

Revenue Type	% Change from Prior Year			
	2010	2011	2012	2013
Residential (new)	6.2%	24.4%	23.8%	20.0%
Commercial	-2.8%	45.2%	34.1%	31.1%
Retro	21.5%	29.2%	21.7%	21.1%
Distribution	8.6%	22.1%	23.6%	19.0%
Shell Contracting	14.8%	38.4%	35.7%	22.8%
Total	7.0%	31.3%	27.9%	23.3%

During the Projection period, the majority of the Company's revenue will continue to come from new residential construction (i.e. housing starts), although it will become a somewhat smaller share of total revenue. Comparing actual housing starts in 2007 and 2008 to actual Company revenue and then using that relationship to project housing starts inherent in the Projections, it appears the Projections reflect a conservative increase in the number of housing starts through 2013; particularly when one considers that the historical average number of housing starts in a year is 1.5 million.

Year	Company Revenue		Housing Starts	
	\$ millions	% change	# of starts	% change
2007 - actual	483.0		1,341	
2008 - actual	344.5	-28.7%	903	-32.7%
2009 - projected	192.9	-44.0%	450	-50.2%
2010 - projected	206.4	7.0%	481	7.0%
2011 - projected	271.0	31.3%	632	31.3%
2012 - projected	346.5	27.9%	808	27.9%
2013 - projected	427.0	23.2%	996	23.2%

Commercial Revenues will decline in 2010; particularly in the first half of the year as the commercial markets are expected to remain weak for at least the next year. In the latter half of 2010 and through the Projection period, revenue will increase as a result of the improvements in the economic environment, successful introduction of commercial application capabilities at all branches, significant increases in the number of jobs bid and won by the commercial estimating center, and increasing the geographic areas that the Company will serve as a commercial subcontractor.

Retro Revenues will increase through the Projection period due to the impact of the weatherization portion of the government stimulus bill; to the continued rebates from utility companies; to the continued tax incentives related to weatherization; and, to the increasing cost of energy driving more homeowners to weatherize their homes.

Shell Contracting Revenues will increase as the Florida market starts to improve at a rate better than the market as there are many fewer competitors in that market now (i.e. only one competitor at the present time).

The Gross Profit percentage is projected to increase during the five year period primarily due to leveraging the fixed indirect overheads as revenue increases. Significant cost reduction and efficiency improvements have been made at all branches during the last two years and it is expected those will provide for improved margins as the business begins to grow. It has been assumed that all supplier cost increases for insulation and other materials will be passed on to customers.

The percentage of Selling, General & Administrative (SG&A) costs will decrease during the projection period due to leveraging fixed costs as the business grows and revenues increase. This is due to cost reduction and the streamlining of the branch network that has taken place as well as the completion of centralizing many back office functions at the corporate office.

Interest expense is based on the terms of the new debt of \$22.5 million with the assumption that LIBOR will increase during the five year period.

USI Senior Holdings & Subsidiaries
Projected Income Statements

\$ millions

	Q1 actual	Q2-Q4 projected	Projected FY 2009	Projected			
				FY 2010	FY 2011	FY 2012	FY 2013
Revenue	52.7	140.2	192.9	206.4	271.0	346.5	427.0
Cost of Sales	40.6	109.1	149.7	160.0	207.5	263.4	322.2
Gross Profit	12.1	31.1	43.2	46.4	63.5	83.1	104.8
S,G&A Overheads	14.3	35.1	49.4	46.4	51.9	57.5	62.9
Earnings from Operations	(2.2)	(4.0)	(6.2)	0.0	11.6	25.6	41.9
Interest Expense	(7.4)	(0.6)	(8.0)	(1.3)	(1.8)	(2.3)	(2.3)
Interest Income	0.0	0.2	0.2	0.3	0.3	0.5	0.9
Restructuring Costs	(2.8)	(7.2)	(10.0)	0.0	0.0	0.0	0.0
Earnings before Tax	(12.4)	(11.6)	(24.0)	(1.0)	10.1	23.8	40.5
Income Tax Expense	5.4	1.8	7.2	0.4	(3.9)	(9.3)	(15.8)
Net Income	(7.0)	(9.8)	(16.8)	(0.6)	6.2	14.5	24.7
EBITDA	(0.9)	(0.1)	(1.0)	5.6	18.1	33.0	50.4

USI Senior Holdings & Subsidiaries
Projected Balance Sheets
\$ millions

	Pro-Forma June 30, 2009	Projected Dec. 31, 2009	Projected for Year Ended December 31,			
			FY 2010	FY 2011	FY 2012	FY 2013
Assets:						
Cash	26.5	27.7	22.3	21.8	33.9	55.2
Receivables	41.4	38.0	45.3	55.2	60.3	65.8
Inventories	9.1	9.1	9.3	10.3	10.9	12.2
Other Current Assets	1.6	2.3	3.1	4.3	5.3	6.5
Total Current Assets	78.6	77.1	80.0	91.6	110.4	139.7
Property & Equipment	14.9	13.7	12.7	13.2	13.7	14.2
Other Assets	1.7	2.7	3.5	3.8	4.0	4.1
Total Assets	95.2	93.5	96.2	108.6	128.1	158.0
Liabilities & Equity:						
Accounts Payable	5.5	5.6	7.1	9.5	11.6	13.4
Accrued Expenses	12.4	13.0	15.1	18.8	21.6	24.9
Other Current Liabilities	1.9	1.6	1.3	1.4	1.5	1.6
Total Current Liabilities	19.8	20.2	23.5	29.7	34.7	39.9
Long Term Debt	22.5	22.5	22.5	22.5	22.5	22.5
Stockholders' Equity	52.9	50.8	50.2	56.4	70.9	95.6
Total Liabilities & Equity	95.2	93.5	96.2	108.6	128.1	158.0

Appendix C

Corporate Structure of the Debtors

attached hereto

**UNITED SUBCONTRACTORS
CORPORATE ORGANIZATION**

USI Senior Holdings, Inc.

(holding company; no operations; ultimate parent company)



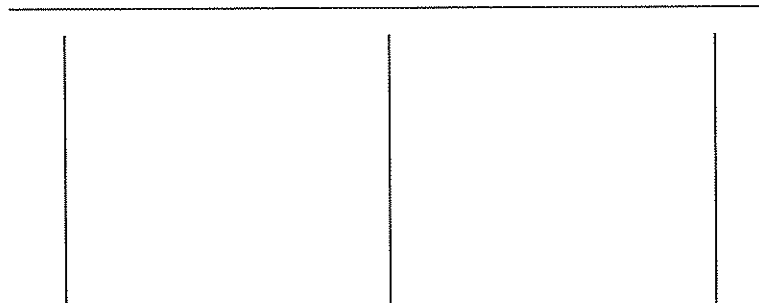
USI Intermediate Holdings, Inc.

(intermediate holding company; no operations)



United Subcontractors, Inc.

(primary operating company; holds all operating assets except as noted below)



**San Gabriel
Insulation,
Inc.**

(1)

**Construction Services
& Consultants, Inc.**

(2)

**Tabor
Insulation,
Inc.**

(3)

- (1) operating company – owns the assets of the San Gabriel CA branch
- (2) operating company – owns the assets of the shell contracting operations in Florida which consist of the CSCI and the G&L Shell branches
- (3) operating company – owns the assets of the Tabor Insulation branch in Salt Lake City, UT

Appendix D

Liquidation Analysis

attached hereto

Liquidation Analysis

General Assumptions

In chapter 7, a trustee (the “Chapter 7 Trustee”) is appointed to manage the Debtors’ affairs and conduct a liquidation. This Liquidation Analysis assumes the Debtors would be forced to liquidate. The Debtors would be forced to cease substantially all operations almost immediately and use their cash position to liquidate their assets and pay priority claims. The likely consequences of the conversion to Chapter 7 include the following:

- The Company’s workforce consists of well trained, specialized employees who are highly coveted by competitors. With the Company facing certain liquidation, those employees would quickly leave the Company and find employment elsewhere. The loss of these employees would make an orderly wind down significantly more difficult.
- The Company’s revenues are derived from installation services provided to homebuilders and commercial construction companies. These customers have the ability to very quickly shift their purchases from the Company to competitors. It is highly unlikely that many customers could be maintained by a Chapter 7 Trustee for any period of time.
- The Accounts Receivable of the Company consists primarily of amounts owed by customers for installation services provided by the Company’s decentralized branch operations. Invoices are generated locally by the branch. All customer record-keeping and collection efforts are also undertaken locally by the branch. The average invoice amount is less than \$2,500, so there are thousands of individual invoices that would need to be collected from thousands of customers. It would be difficult for a Chapter 7 Trustee to collect a high percentage of the amounts owed to the Company. Accounts Receivable also includes customer hold-backs (“Retention Payments”) which are not paid to the Company until specific milestones, such as the completion of a project, are reached. It is highly unlikely that the Chapter 7 Trustee would be able to collect these Retention Payments in a liquidation scenario.

In addition, a portion of the Accounts Receivable balance is for work performed, but not yet invoiced to the customer because the job has not been completed. It would be extremely difficult for the Chapter 7 Trustee to direct completion of the work, correctly invoice the customer and collect the amounts owed. More than likely, the customer would hire an alternative installer to complete the work and refuse to pay for the unbilled, uncompleted work.

- The Inventory of the Company consists of products installed by the Company. The largest component of inventory is insulation. The Company also maintains an inventory of the Company’s other products, including garage doors, windows, shelving, fireplaces and many accessories. In the event of a Chapter 7 liquidation, much of the insulation inventory could potentially be sold to competitors at a discounted amount or returned to the manufacturers. However, there is a significant amount of manufacturing overcapacity

at present, so it is unlikely the manufacturers would offer to buy back the inventory except at a very discounted rate. The same would hold true for the other product inventory.

- The Company's Prepaid Expenses consist of annual maintenance, licensing, subscription and service contracts that were required to be paid early in the calendar year and are amortized and expensed pro-ratably over the entire year. It is extremely unlikely much of the amount would be refunded to the Chapter 7 Trustee.
- The Company's Property, Plant & Equipment (PP&E) consists of commercial vans and other vehicles used to transport product for installation at customers sites; specialized installation equipment; office and computer equipment; two small parcels of land with small warehouses on them; and, capitalized leasehold improvements at all of the leased warehouses used by the branch operations. The PP&E is located at the various branch locations around the country.
- The Company's Other Assets consist primarily of deposits held by various landlords of the leased premises and various other long-term security deposits.

The bulk of the information concerning the Company's assets for this analysis was taken from Exhibit B (the "Financial Projections") and Exhibit E (the "Consolidated Financial Statements") of the Debtor's Amended Disclosure Statement dated May 18, 2009 (the "Debtor's Disclosure Statement").

Specific Assumptions

Note 1

The Company projects a consolidated cash balance of \$26.5 million at June 30, 2009. Under a liquidation scenario, it is assumed that the Company would have access to 100% of its cash, which it can use to pay priority claims.

Note 2

Accounts Receivable is projected to be \$41.4 million as of June 30, 2009. The table below shows the composition of Accounts Receivable:

Trade Accounts Receivable	\$27.6 million
Retention Payments	5.5 million
Unbilled Work Performed	6.4 million
Other Receivables	1.9 million

The Accounts Receivable balance includes approximately \$5.5 million of Retention Payments. Retention Payments represent outstanding receivables that the Company expects to collect after reaching a particular milestone such as the completion of a project.

The aging profile of the Accounts Receivable will also factor into the collectability of the Trade Accounts Receivable outstanding during the liquidation period. The Chapter 7 Trustee would have significant difficulty collecting Trade Accounts Receivable outstanding for more than 90 days. These receivables are assumed to represent 19.5% or \$5.4 million of total Trade Accounts Receivable based on receivables aging as of March 31, 2009.

	<u>6/30/09</u>
<90 days	\$22.2 million
>90 days	5.4 million

This analysis assumes that 70%-80% of Trade Accounts Receivable outstanding less than 90 days would be collected. Trade Accounts Receivable outstanding greater than 90 days and Retention Payments are assumed to be collected at a 0%-10% rate. Unbilled Work Performed and Other Receivables are assumed to have 0% recovery.

Note 3

Inventory is projected to be \$9.1 million as of June 30, 2009. The table below shows the composition of Inventory:

Insulation	\$6.8 million
Accessories	1.0 million
Other (Shelving, Garage Doors, etc.)	1.3 million

In the event of a Chapter 7 liquidation, much of the Insulation inventory could potentially be sold to competitors at a discounted amount or returned to the manufacturers. However, there is a significant amount of manufacturing overcapacity at present, so it is unlikely the manufacturers would offer to buy back the inventory except at a very discounted rate. As such, the analysis assumes the following liquidation values: 60%-75% of Insulation inventory, 20%-30% of Accessories and 20%-30% of Other inventory.

Note 4

Prepaid Expenses are projected to be \$1.6 million as of June 30, 2009. The prepaid expense balance consists of annual maintenance, licensing, subscription and service contracts that were required to be paid early in the calendar year and are amortized and expensed pro-ratably over the entire year. It is extremely unlikely much of the amount would be refunded to the Chapter 7 Trustee. The Debtors may be able to recover some of the smaller deposits, though the vast majority of the prepaid assets would be uncollectable. This analysis assumes that 0%-5% of prepaid expenses would be collected by the Chapter 7 Trustee.

Note 5

Property, Plant & Equipment is projected to be \$14.9 million at June 30, 2009. The following table shows the composition of the Company's Property, Plant & Equipment account:

Vehicles (commercial vans and trucks)	\$8.0 million
Machinery & Equipment	2.8 million
Office and Computer Equipment	2.0 million
Leasehold Improvements	1.1 million
Land & Buildings	1.0 million

Given the specific nature and age of the Company's Property, Plant & Equipment, recovery in liquidation is estimated for the following classes of Property, Plant & Equipment: Vehicles (20%-30%), Machinery and Equipment (10%-20%), Office and Computer Equipment (0%-10%), Leasehold Improvements (0%) and Land and Buildings (40%-60%).

Note 6

Other Assets are projected to be \$1.7 million and consist of longer-term security deposits held by landlords and other third parties. This analysis assumes that 0%-5% of other assets would be collected by the Chapter 7 Trustee.

Note 7

The costs of liquidation estimates the Chapter 7 Trustee fees at 3% of the net proceeds from the sale/wind down of the assets/business units, net of cash on hand.

Note 8

Admin / Professional claims include the following:

- Payroll – estimated to approximate 30 days of payroll expense at \$4.2 million per month. The Worker Adjustment and Retraining Notification Act (29 U.S.C. section 2101) may require 60 days notice for full-time employees. The actual payroll expense could be lower to the extent the liquidation is completed quickly, but could increase to pay necessary stay bonuses or WARN Act liabilities, if applicable.
- General and Administrative (“G&A”) Expenses – assumes approximately one-third of employees will be retained by the Chapter 7 Trustee to assist in the liquidation of assets and collection of receivables. The term of employment and associated G&A expenses is assumed to be three months in a best case scenario and four months in a worst case scenario. Based on a 2009 G&A expense run-rate of \$36.9 million and a reduced employee utilization rate, the estimated monthly G&A expense is assumed to be \$1.25 million per month.
- Professional fees – estimated at \$1 million per month with a term of three months in a best case scenario and four months in a worst case scenario.

Note 9

Total First Lien claims, including accrued interest, are approximately \$290.1 million.

Note 10

This category includes all post-petition liabilities identified by the Debtors as not being subject to compromise. The Company estimates a balance of \$10.5 million as of June 30, 2009 as follows:

Trade Accounts Payable	\$6.0 million
Accrued Expenses, including Payroll	3.4 million
Customers Deposits	1.1 million

The Debtors have included the full amount of all post-petition liabilities. This analysis assumes that the case would convert to a Chapter 7 on or about June 30, 2009.

Note 11

Pre-petition unsecured claims as of June 30, 2009 are projected to be \$2.0 million, including estimated lease rejection damage claims equal to one year of rent expense.

Note 12

Total Second Lien claims, including accrued interest, are approximately \$66.4 million.

United Subcontractors, Inc.
Chapter 7 Liquidation Analysis
 Estimated as of 6/30/2009

USI Liquidation Analysis

(\$ in millions)									
	Notes	Book Value as of 3/31/09	Additions and/or (Eliminations)	Remaining Book Value as of 6/30/09		Estimated Recovery Percentage		Estimated Liquidation	
				Low	High	Low	High	Low	High
Cash	1	\$21.8	\$4.7	\$26.5	\$26.5	100%	100%	\$26.5	\$26.5
Accounts Receivable:	2								
Trade Accounts Receivable (<90 days)				22.2	22.2	70%	80%	15.6	17.8
Trade Accounts Receivable (>90 days)				5.4	5.4	0%	10%	-	0.5
Retention Payments				5.5	5.5	0%	10%	-	0.6
Unbilled Work Performed				6.4	6.4	0%	0%	-	-
Other Receivables				1.9	1.9	0%	0%	-	-
Total Accounts Receivable		42.5	(1.1)	\$41.4	\$41.4	38%	46%	\$15.6	\$18.9
Inventory:	3								
Insulation Related				6.8	6.8	60%	75%	4.1	5.1
Accessories				1.0	1.0	20%	30%	0.3	0.3
Other (Shelving, Garage Doors etc)				1.3	1.3	20%	30%	0.3	0.4
Total Inventory		9.3	(0.2)	\$9.1	\$9.1	51%	63%	\$4.6	\$5.8
Prepaid Expenses	4	2.6	(1.0)	1.6	1.6	0%	5%	-	0.1
PP&E:	5								
Vehicles (commercial vans & trucks)				8.0	8.0	20%	30%	1.6	2.4
Machinery & Equipment				2.8	2.8	10%	20%	0.3	0.6
Office & Computer Equipment				2.0	2.0	0%	10%	-	0.2
Leasehold Improvements				1.1	1.1	0%	0%	-	-
Land & Buildings				1.0	1.0	40%	60%	0.4	0.6
Total PP&E		15.5	(0.6)	\$14.9	\$14.9	15%	25%	\$2.3	\$3.8
Other Assets	6	1.7	-	1.7	1.7	0%	5%	-	0.1
Total		\$93.5	\$1.7	\$95.2	\$95.2	51%	56%	\$48.9	\$55.0
Less:									
Estimated Cost of Liquidation	7			(\$1.5)	(\$1.7)	100%	100%	(\$1.5)	(\$1.7)
Admin / Professional Claims	8								
Payroll				(8.4)	(4.2)	100%	100%	(8.4)	(4.2)
General and Admin. Expenses				(5.0)	(3.8)	100%	100%	(5.0)	(3.8)
Professional Fees				(4.0)	(3.0)	100%	100%	(4.0)	(3.0)
Total Admin / Professional Claims				(\$17.4)	(\$11.0)	100%	100%	(\$17.4)	(\$11.0)
Total Net Liquidation Proceeds								30.1	42.4
First Lien Claims	9			(290.1)	(290.1)	10%	15%	(30.1)	(42.4)
Amount Available for Post-Petition Trade and Unsecured								\$0.0	\$0.0
Post-petition Liabilities	10			(\$10.5)	(\$10.5)	0%	0%	-	-
Unsecured Claims	11			(2.0)	(2.0)	0%	0%	-	-
Second Lien Claims	12			(66.4)	(66.4)	0%	0%	-	-

Appendix E

Selected Financial Data for the Periods from Dec. 31, 2005 through Dec. 31, 2008

attached hereto

USI SENIOR HOLDINGS & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2008, 2007, 2006 and 2005

\$ millions

	2008	2007	2006	2005
	unaudited	audited	audited	audited
Assets:				
Cash	15.4	16.0	27.5	39.9
Accounts receivable, net	42.2	55.5	69.4	68.4
Inventory	10.5	12.5	18.9	14.9
Prepaid expenses	1.6	1.9	2.8	1.8
Costs and estimated earnings in excess of billings on uncompleted contracts	6.9	10.4	15.1	23.8
Income tax receivable	16.2	1.4	0.0	0.0
Deferred tax asset	0.0	2.5	2.5	0.0
Other current assets	3.0	3.0	0.2	0.2
Total current assets	95.8	103.2	136.4	149.0
Property & Equipment, net	16.5	20.2	21.2	17.4
Other Assets:				
Goodwill	0.0	145.9	192.7	165.0
Intangibles - net	0.0	86.0	120.8	101.8
Deferred tax asset - long-term	0.0	17.6	0.0	0.0
Other assets	23.2	6.1	6.9	6.5
Total Assets	135.5	379.0	478.0	439.7
Liabilities & Stockholders' Equity				
Accounts payable	5.9	12.0	16.7	21.4
Accrued expenses	15.5	16.7	23.9	23.1
Accrued interest	4.1	2.0	7.7	0.5
Income taxes payable	0.0	0.0	6.3	0.8
Deferred tax liability	0.0	0.0	0.0	3.9
Other current liabilities	4.7	1.7	3.2	3.9
Billings in excess of costs and estimated earnings on uncompleted contracts	1.4	1.9	3.5	2.0
Current portion of long-term debt	4.5	3.0	3.0	3.0
Total current liabilities	36.1	37.3	64.3	58.6
Deferred Tax Liability - long-term	0.0	0.0	8.0	4.8
Long-Term Debt	329.9	330.2	354.1	357.1
Stockholder's Equity	(230.5)	11.5	51.6	19.2
Total Liabilities & Stockholders' Equity	135.5	379.0	478.0	439.7

USI SENIOR HOLDINGS & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For Years Ended December 31, 2008, 2007, 2006 and 2005

\$ millions

	2008	2007	2006	2005
	unaudited	audited	audited	audited
SALES	344.5	483.0	643.0	483.0
COST OF SALES	259.0	344.8	459.1	334.3
GROSS PROFIT	85.5	138.2	183.9	148.7
SELLING EXPENSES	14.8	18.5	17.9	13.8
GENERAL & ADMINISTRATIVE EXPENSES	51.4	63.5	72.9	57.2
AMORTIZATION & IMPAIRMENT EXPENSE	231.9	89.5	11.4	8.2
	298.1	171.5	102.2	79.2
INCOME FROM OPERATIONS	(212.6)	(33.3)	81.7	69.5
OTHER INCOME (EXPENSE):				
Interest and Dividends	0.3	1.1	0.5	0.5
Interest Expense	(35.4)	(33.1)	(32.5)	(26.7)
Other Expense	(0.4)	(0.6)	(0.8)	(0.4)
Restructuring Expense	(6.7)	0.0	0.0	0.0
Other Expense - net	(42.2)	(32.6)	(32.8)	(26.6)
(LOSS) INCOME BEFORE INCOME TAXES	(254.8)	(65.9)	48.9	42.9
INCOME TAX BENEFIT (EXPENSE)	98.2	25.4	(18.3)	(16.7)
NET (LOSS) INCOME	(156.6)	(40.5)	30.6	26.2

Note: As part of the fiscal year 2008 audit, the entire balances of Goodwill and Other Intangible Assets are being written off as a result of the intangible asset fair value impairment testing that is required by generally accepted accounting principles (GAAP).

Appendix F

Identified Causes of Action

attached hereto

Alfredo Chavez vs. West Coast Insulation
Lee County Charge No. A7078E
EEOC Charge No. 15L-2007-00197

Lorie Park (State of Utah Labor Commission and EEOC) vs. USI (All Purpose)
UALD No. A8-0013

Carla Thibodeau (Lee County Office of Equal Opportunity) v. West Coast Insulation
EEOC No: 15L-2008-00106
LCOEO Charge No: A8038E

Edread Huggins v. United Subcontractors, Inc., d/b/a/ Professional Insulators
EEOC Charge No. 510-2008-01552

Angela Rice vs. United Subcontractors, Inc.
08-CvS-18056 (Mecklenburg County)
File No. 2736.0035

John Amen vs. United Subcontractors, Inc., d/b/a/ West Coast Insulation
EEOC Charge No. 15L-2008-00341

Larry Steveson vs. United Subcontractors, Inc.
Case 09-35001

Buenaventura Gonzalez vs. United Subcontractors, Inc., d/b/a/ West Coast Insulation
EEOC Charge No. 511-2008-03297

Tena Epling vs. United Subcontractors, Inc., d/b/a Standard Insulating Co.
EEOC Charge Nos. 430-2009-01139 and 430-2009-01185