

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
DESA Holdings Corporation, <i>et al.</i> , <sup>1</sup>	)	Case No. 02-11672 (PJW)
	)	(Jointly Administered)
Debtors.	)	

Objections Deadline: January 12, 2005 at 4:00 p.m. a.m. (prevailing Eastern time)

Hearing Date: January 26, 2005 at 9:30 a.m. (prevailing Eastern time)

**NOTICE OF MOTION FOR THE ENTRY OF AN ORDER (A) APPROVING THE  
ADEQUACY OF THE DISCLOSURE STATEMENT; (B) SCHEDULING A HEARING  
TO CONFIRM THE PLAN; (C) ESTABLISHING A PLAN OBJECTION DEADLINE;  
(D) APPROVING FORM OF BALLOTS, VOTING DEADLINE AND SOLICITATION  
PROCEDURES; AND (E) APPROVING FORM AND MANNER OF NOTICES**

TO: (i) the Office of the United States Trustee; (ii) counsel to the postpetition secured lender;  
(iii) counsel to the purchaser; (iv) counsel to the Official Committee of Unsecured  
Creditors; and (v) parties requesting notice pursuant to Del. Bankr. LR 2002-1

On December 17, 2004, the captioned debtors and debtors in possession  
(collectively, the "Debtors") filed the *Motion For The Entry Of An Order (a) Approving The  
Adequacy Of The Disclosure Statement; (a) Scheduling A Hearing To Confirm The Plan; (c)  
Establishing A Plan Objection Deadline; (d) Approving Form Of Ballots, Voting Deadline And  
Solicitation Procedures; and (e) Approving Form And Manner Of Notices* (the "Motion"), with  
the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington,  
Delaware 19801 (the "Bankruptcy Court"). A copy of the Motion is attached hereto.

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<sup>1</sup> The Debtors consist of the following two entities: DESA Holdings Corporation and DESA International LLC,  
f/k/a DESA International, Inc.

Objections and responses to the Motion, if any, must be in writing and filed with the Bankruptcy Court on or before **January 12, 2005**. At the same time, you must also serve a copy of the objection or response, if any, upon the following: (i) co-counsel for the Debtors, James W. Kapp, III, Esquire, Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois 60601 (fax number 312-861-2200), and Laura Davis Jones, Esquire, Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., 919 North Market Street, 16<sup>th</sup> Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705 (Courier 19801) (fax number 302-652-4400); (ii) counsel to the Official Committee of Unsecured Creditors, William P. Bowden, Esquire, Ashby & Geddes, 222 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899 (fax number 302-654-2067), and Michael J. Sage, Esquire, Stroock & Stroock & Lavan LLP, 180 Maiden Lane New York, NY 10038-4982 (fax number 212-259-6333); (iii) counsel for Bank of America, Fredric Sosnick, Esquire, Shearman & Sterling, 599 Lexington Avenue, New York, NY 10022 10169 (fax number 212-848-7179); and (iv) the United States Trustee, David Buchbinder, Esquire, Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (fax number 302-573-6497).

A HEARING ON THE MOTION SHALL BE HELD BEFORE THE  
HONORABLE PETER J. WALSH AT THE UNITED STATES BANKRUPTCY COURT FOR  
THE DISTRICT OF DELAWARE, 824 MARKET STREET, WILMINGTON, DELAWARE  
19801, ON JANUARY 26, 2005 AT 9:30 A.M.


IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, THE COURT  
MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER  
NOTICE OR HEARING.

Dated: December 17, 2004

KIRKLAND & ELLIS LLP  
James H.M. Sprayregen, P.C.  
James W. Kapp III  
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-and-

PACHULSKI, STANG, ZIEHL, YOUNG, JONES  
& WEINTRAUB P.C.

 by Sgm 4283  
\_\_\_\_\_  
Laura Davis Jones (Bar No. 2436)  
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Co-Counsel for the Debtors and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
DESA Holdings Corporation, <i>et al.</i> , <sup>1</sup>	)	Case No. 02-11672 (PJW)
	)	(Jointly Administered)
Debtors.	)	

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**MOTION FOR THE ENTRY OF AN ORDER (A) APPROVING THE ADEQUACY OF  
THE DISCLOSURE STATEMENT; (B) SCHEDULING A HEARING TO CONFIRM  
THE PLAN; (C) ESTABLISHING A PLAN OBJECTION DEADLINE; (D) APPROVING  
FORM OF BALLOTS, VOTING DEADLINE AND SOLICITATION PROCEDURES;  
AND (E) APPROVING FORM AND MANNER OF NOTICES**

DESA Holdings Corporation and its domestic subsidiary, DESA International LLC (f/k/a DESA International, Inc.), as debtors and debtors in possession (collectively, the "Debtors") in the above-captioned cases, hereby move the Court (the "Motion") for the entry of an order (a) approving the adequacy of the disclosure statement; (b) scheduling a hearing to confirm the Debtors' plan of reorganization; (c) establishing a plan objection deadline; (d) approving the form of ballots, voting deadline and solicitation procedures; and (e) approving the form and manner of notices. In support of this Motion, the Debtors respectfully state as follows:

**Jurisdiction**

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334.

This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

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<sup>1</sup> The Debtors consist of the following two entities: DESA Holdings Corporation and DESA International LLC, f/k/a DESA International, Inc.

2. Venue in these proceedings and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105(a), 1125 and 1126 of title 11 of the United States Code (as amended, the “Bankruptcy Code”), Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) 2002, 3017, 3018 and 3020, and Del. Bankr. LR 3017-1(b).

### **Background**

4. On June 8, 2002 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and a motion to procedurally consolidate their chapter 11 cases for administrative purposes only (the “Chapter 11 Cases”).

5. Contemporaneously herewith, the Debtors filed with this Court the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the “Plan”) and an accompanying disclosure statement (the “Disclosure Statement”).

### **Relief Requested**

6. By this Motion, the Debtors request that this Court enter an order (a) approving the adequacy of the Disclosure Statement; (b) scheduling a hearing to confirm the Plan; (c) establishing a Plan objection deadline; (d) approving the form of ballots, voting deadline and solicitation procedures; and (e) approving the form and manner of notices.

### **Disclosure Statement**

7. Section 1125 of the Bankruptcy Code requires that a disclosure statement be approved by the court as containing “adequate information” prior to the debtor’s solicitation

of acceptances or rejections of a reorganization plan. 11 U.S.C. § 1125(b). “Adequate information” is defined in the Bankruptcy Code as:

information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan, but adequate information need not include such information about any other possible or proposed plan.

11 U.S.C. § 1125(a)(1).

8. The Disclosure Statement is the product of extensive review and analysis of the Debtors’ proposed liquidation. In preparing the Disclosure Statement, the Debtors sought the assistance and input of their financial advisors and legal advisors. The Disclosure Statement contains “adequate information,” including, without limitation, a description of: (i) the Debtors’ businesses; (ii) the capital structure of the Debtors; (iii) the factors leading up to these Chapter 11 Cases; (iv) the purpose of the Plan; (v) the classification and treatment of claims and equity interests; (vi) the provisions governing distributions under the Plan; (vii) the means for the implementation of the Plan; (viii) the treatment of executory contracts and unexpired leases; (ix) the procedures for the resolution of disputed, contingent and unliquidated claims; (x) the confirmation and effectiveness of the Plan; (xi) the voting and confirmation procedures; and (xii) the federal income tax consequences to the holders of claims.

9. The information contained in the Disclosure Statement constitutes the pertinent information necessary for holders of claims to make an informed decision about whether to vote to accept or reject the Plan.

10. The Debtors submit that the Disclosure Statement contains adequate information as defined by the Bankruptcy Code and interpreted in relevant case law. Therefore,

the Debtors request that the Court enter an order approving the adequacy of the Disclosure Statement.

### **Confirmation Hearing**

11. The Debtors request that the Court schedule a hearing to consider confirmation of the Plan (the "Confirmation Hearing") pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c) on March 22, 2005, on which date the Court has already scheduled a hearing in these Chapter 11 Cases.

12. Once set, with the authority of the Court, the Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise without further notice to parties in interest.

### **Plan Objection Deadline**

13. The Debtors request that this Court establish March 7, 2005, as the deadline for filing and serving objections to the confirmation of the Plan (the "Plan Objection Deadline").

*[Continued on Next Page ]*

14. The Debtors request that the Court require all objections to the Plan to be filed with the Court on or before the Plan Objection Deadline and served in a manner so that they are actually received on or before 4:00 p.m., prevailing eastern time, on the Plan Objection Deadline by the following parties (collectively, the "Notice Parties"):

<p><b><u>Counsel for the Debtors:</u></b>  Kirkland &amp; Ellis LLP  c/o James H.M. Sprayregen, P.C.  and James W. Kapp III, Esq.  200 East Randolph Drive  Chicago, Illinois 60601  Telephone: (312) 861-2000  Facsimile: (312) 861-2200</p> <p>and</p> <p>Pachulski, Stang, Ziehl, Young, Jones &amp; Weintraub P.C.  c/o Laura Davis Jones, Esq.  and Curtis A. Hehn, Esq.  919 North Market Street, 16<sup>th</sup> Floor  P.O. Box 8705  Wilmington, Delaware 19899-8705 (Courier 19801)  Telephone: (302) 652-4100  Facsimile: (302) 652-4400</p>	<p><b><u>Counsel for the Creditors Committee:</u></b>  Stroock &amp; Stroock &amp; Lavan LLP  c/o Gerald C. Bender, Esq.  and Karyn B. Zeldman, Esq.  180 Maiden Lane  New York, New York 10038-4982  Telephone: (212) 806-5400  Facsimile: (212) 806-6006</p> <p>and</p> <p>Ashby &amp; Geddes  c/o William P. Bowden, Esq.  222 Delaware Avenue  P.O. Box 1150  Wilmington, Delaware 19899  Telephone: (302) 654-1888  Facsimile: (302) 654-2067</p>
<p><b><u>United States Trustee:</u></b>  Office of the United States Trustee  J. Caleb Boggs Federal Building  844 N. King Street  Suite 2313  Lock Box 35  Wilmington, Delaware 19801</p>	<p><b><u>Counsel for the Prepetition Lenders:</u></b>  Shearman &amp; Sterling LLP  c/o Fredric Sosnick, Esq.  599 Lexington Avenue  New York, New York 10022-6069  Telephone: (212) 848-4000  Facsimile: (212) 848-7179</p>

15. The Debtors further request that (i) the Court only consider timely filed and served written objections; (ii) the Court require all objections to (a) state with particularity the legal and factual grounds for such objection, (b) provide, where applicable, the specific text that the objecting party believes to be appropriate to insert into the Plan and (c) describe the nature and amount of the objector's claim; and (iii) objections not timely filed and served in accordance with the procedures of this Motion be overruled.



16. The Debtors request that, with regard to any timely-filed objection(s), the Debtors be allowed to file an omnibus reply on or before the date that is three (3) business days before the Confirmation Hearing. This will allow the Debtors time and an opportunity to advise the Court of any objections that they have been able to resolve, and to frame in writing the issues that remain to be resolved at the Confirmation Hearing, thereby reducing the amount of time that will be needed for oral argument.

#### **Solicitation Procedures**

17. To conduct an effective solicitation of acceptances or rejections of the Plan that is consistent with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the local rules of this Court and due process, the Debtors seek approval of the following solicitation procedures (as fully described in the Disclosure Statement) (the "Solicitation Procedures"). To the extent that circumstances arise that require a modification of the Solicitation Procedures, the Debtors reserve the right to supplement or amend such Solicitation Procedures.

#### ***Voting Record Date***

18. Bankruptcy Rule 3017(d) provides that, for purposes of voting on a plan of reorganization under the Bankruptcy Code, "creditors and equity security holders shall include holders of stock, bonds, debentures, notes and other securities of record on the date the order approving the disclosure statement is entered or another date fixed by the court, for cause, after notice and a hearing." Fed. R. Bankr. P. 3017(d). Bankruptcy Rule 3018(a) provides that "an equity security holder or creditor whose claim is based on a security of record shall not be entitled to accept or reject a plan unless the equity security holder or creditor is the holder of record of the security on the date the order approving the disclosure statement is entered or another date fixed by the court, for cause, after notice and hearing." Fed. R. Bankr. P. 3018(a).

19. In accordance with Bankruptcy Rules 3017 and 3018, the Debtors propose that the Court establish the date on which the order approving the Disclosure Statement is entered as the record date for purposes of determining which creditors are entitled to vote on the Plan (the "Voting Record Date"). The Voting Record Date should apply to (i) all holders of claims and creditors, and (ii) all trustees, agents and Nominees (as defined below) that will collect the votes of beneficial holders of claims.

***Voting Deadline***

20. The Debtors request that the Court enter an order (i) setting the deadline for casting a Ballot or Master Ballot (each as defined herein) to accept or reject the Plan that is thirty (30) days after service of the Solicitation Package (as defined below) (the "Voting Deadline") and (ii) requiring that all Ballots and Master Ballots accepting or rejecting the Plan be received as appropriate by Bankruptcy Management Corporation (the "Solicitation Agent") by 4:00 p.m., prevailing eastern time, on the Voting Deadline at the following addresses, as specified on each holders' Ballot and Master Ballot:

If by U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

If by hand or courier other than U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

21. The Debtors or the Court may extend the period during which votes will be accepted by the Debtors, in which case the Voting Deadline for such solicitation shall mean the last time and date to which such solicitation is extended.

22. In addition, the form of Ballots contain a box that a holder of a claim who is entitled to vote on the Plan may check to affirmatively reject participation in the mutual releases described in Articles X.F.1 and X.F.2 of the Plan (the "Mutual Releases"). The Debtors

request that the Voting Deadline also serve as the deadline (the “Opt-Out Deadline”) for holders of claims who are entitled to vote on the Plan to affirmatively reject participation in the Mutual Releases. If a holder of a claim who is entitled to vote on the Plan (i) does not return a Ballot or (ii) votes to reject the Plan on its Ballot, then such holder will be deemed to have rejected participation in the Mutual Releases.

***Form of Ballots***

23. All votes to accept or reject the Plan must be cast by using the appropriate ballot (“Ballot”), or, in the case of a beneficial holder whose securities are registered or otherwise held in the name of a bank, brokerage firm or other nominee (or its agent) (each, a “Nominee”) that elected not to prevalidate a Ballot for such beneficial holder, a master ballot (“Master Ballot”).<sup>2</sup> The Debtors have prepared and customized Ballots and Master Ballots for classes of claims under the Plan that are entitled to vote to accept or reject the Plan in accordance with Bankruptcy Rule 3018(c). By this Motion, the Debtors seek (a) approval of the form of the Ballots (substantially in the forms attached to the proposed Order as Exhibit A) and Master Ballots (substantially in the form attached to the proposed Order as Exhibit B) and (b) authority to distribute such Ballots and Master Ballots, as appropriate, to the following impaired classes entitled to vote to accept or reject the Plan:

<u>Class</u>	
<b>1</b>	<b>Prepetition Lenders Claim</b>
<b>2</b>	<b>Other Secured Claims</b>
<b>4</b>	<b>General Unsecured Claims</b>
<b>5</b>	<b>Subordinated Note Claims</b>

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<sup>2</sup> The defined terms “Ballot” and “Master Ballot” shall include all ancillary and related information and any amendments or supplements thereto necessary for completing the Ballot or Master Ballot.

24. The Debtors also request that the Court approve the form of voting instructions, substantially in the forms attached as Appendix A to the Ballots and Master Ballots attached to the proposed Order as Exhibit A and Exhibit B, respectively, that will be forwarded with the Ballots and Master Ballots, as appropriate.

25. The following classes of claims and equity interests under the Plan are not entitled to vote to accept or reject the Plan because such classes are deemed to accept or reject the Plan pursuant to section 1126 of the Bankruptcy Code:

<u>Class</u>	<u>Claims and Equity Interests</u>	<u>Deemed Status</u>
3	Other Priority Claims	Accept
6	Intercompany Claims	Reject
7	Equity Interests	Reject

***Solicitation Package***

26. Bankruptcy Rule 3017(d) sets forth the materials that must be provided to holders of claims for purposes of soliciting their votes and providing adequate notice of the hearing on confirmation of a plan of reorganization. The Debtors propose that, within seven (7) business days after entry of the order approving the Disclosure Statement, the following materials be distributed to those parties entitled to vote on the Plan (the "Solicitation Package"):

- (a) the Disclosure Statement (including exhibits);
- (b) the Plan (as an exhibit to the Disclosure Statement) or supplements thereto, if any;
- (c) the appropriate Ballot(s), Master Ballot(s) and voting instructions;
- (d) the Confirmation Hearing Notice (as defined below);
- (e) any supplemental solicitation materials the Debtors may file with the Court; and
- (f) a pre-addressed return envelope, if applicable, at the Debtors' sole discretion.

27. Specifically, the Debtors propose to mail or cause to be mailed Solicitation Packages to (a) all known holders of claims against the Debtors as of the Voting Record Date who are entitled to vote on the Plan (Classes 1, 2, 4 and 5); (b) the Office of the United States Trustee for the District of Delaware; and (c) the Securities and Exchange Commission.

28. To avoid duplication and reduce expenses, the Debtors propose that creditors who have more than one claim shall receive only one Solicitation Package and one Ballot for each claim.

### ***Voting Procedures***

29. Section 1126(c) of the Bankruptcy Code provides:

A class of claims has accepted a plan if such plan has been accepted by creditors, other than any entity designated under subsection (e) of this section, that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan.

11 U.S.C. § 1126(c). Bankruptcy Rule 3018(a) provides that the “court after notice and hearing may temporarily allow the claim or interest in an amount which the court deems proper for the purposes of accepting or rejecting a plan.” Fed. R. Bankr. P. 3018(a).

30. The Debtors request that, in tabulating votes, the following rules be used to determine the claim amount associated with a creditor’s vote:

- (a) If the Debtors do not object to a claim, the claim amount for voting purposes shall be the claim amount contained on a timely filed proof of claim or, if no proof of claim was filed, the non-contingent, liquidated and undisputed claim amount listed in the Debtors’ Schedules of Assets and Liabilities (the “Schedules”);
- (b) Ballots cast by creditors whose claims are not listed on the Schedules, but who timely file proofs of claim in unliquidated or unknown amounts that are not the subject of an objection filed before the commencement of the hearing to consider the confirmation of the Plan (the “Confirmation Hearing”), will count

for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code and will count as ballots for claims in the amount of \$1.00 solely for the purpose of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code;

- (c) If the Debtors object to a claim, such creditor's Ballot shall not be counted in accordance with Bankruptcy Rule 3018(a), unless temporarily allowed by the Court for voting purposes, after notice and a hearing;
- (d) If a creditor casts a Ballot and is listed on the Schedules as holding a claim that is contingent, unliquidated or disputed, such creditor's Ballot shall not be counted in accordance with Bankruptcy Rule 3018(a), unless temporarily allowed by the Court for voting purposes, after notice and a hearing;
- (e) Creditors seeking temporary allowance of their claims for voting purposes must serve on the Debtors and file with the Court a motion for an order pursuant to Bankruptcy Rule 3018(a) (a "Rule 3018(a) Motion") seeking temporary allowance for voting purposes. Such Rule 3018(a) Motion, with evidence in support thereof, must be filed by the Plan Objection Deadline. It shall be the responsibility of each creditor filing a Rule 3018(a) Motion to schedule a hearing on such Rule 3018(a) Motion to occur not less than ten (10) days prior to the Confirmation Hearing;
- (f) Unless otherwise provided herein, a claim will be deemed temporarily allowed for voting purposes in an amount equal to the lesser of (i) the amount of such claim as set forth in the Debtors' Schedules as not contingent, unliquidated or disputed or (ii) the amount of such claim as set forth in a filed proof of claim; and
- (g) In the case of publicly traded securities, the principal amount or number of shares according to the records of the transfer agent for the particular series of securities, including, in the case of The Depository Trust Company ("DTC"), a further breakdown of the individual Nominee holders which are DTC participants, as of the Voting Record Date, shall be the claim or interest amount. In no event shall a Nominee holder be permitted to vote in excess of its position in DTC as of the Voting Record Date.

31. To ensure that its vote is counted, each holder of a claim must:

- (a) Complete a Ballot;
- (b) Indicate the holder's decision either to accept or reject the Plan in the boxes provided in the respective Ballot; and

- (c) Sign and return the Ballot or Master Ballot, as appropriate, so that it is received by the Solicitation Agent, at the addresses set forth in paragraph 20 above, on or before the Voting Deadline.

32. In addition, the Debtors request that the following general voting procedures and standard assumptions be used in tabulating ballots:

- (a) Except to the extent the Debtors otherwise determine, or as permitted by the Court, Ballots and Master Ballots received after the Voting Deadline will not be accepted or counted by the Debtors in connection with the Debtors' request for confirmation of the Plan;
- (b) Creditors shall not split their vote within a claim; thus, each creditor shall be deemed to have voted the full amount of its claims either to accept or reject the Plan;
- (c) Any Ballot which is executed by the holder of an allowed claim but which does not indicate an acceptance or rejection or which indicates both an acceptance and rejection of the Plan shall be deemed an acceptance of the Plan;
- (d) Creditors holding claims in more than one Class under the Plan may receive more than one Ballot coded for each different Class; however, each Ballot votes only those claims indicated on that Ballot;
- (e) The method of delivery of Ballots and Master Ballots to be sent to the Solicitation Agent is at the election and risk of each holder of a claim, but, except as otherwise provided in the Disclosure Statement, such delivery will be deemed made only when the original, executed Ballot or Master Ballot is actually received by the Solicitation Agent;
- (f) Delivery of the original, executed Ballot or Master Ballot to the Solicitation Agent on or before the Voting Deadline is required. Delivery of a Ballot or Master Ballot by facsimile, email or any other electronic means will not be accepted;
- (g) No Ballot or Master Ballot sent to the Debtors, any indenture trustee or agent, or the Debtors' financial or legal advisors shall be accepted or counted;
- (h) The Debtors expressly reserve the right to amend at any time and from time to time the terms of the Plan (subject to compliance with section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification). If the Debtors make material changes in

the terms of the Plan or the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Court;

- (i) If multiple Ballots or Master Ballots are received from or on behalf of an individual holder of a claim with respect to the same claims prior to the Voting Deadline, the last ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior ballot;
- (j) If multiple Ballots or Master Ballots are received from or on behalf of an individual holder of a claim with respect to the same claims prior to the Voting Deadline, the decision with respect to the Mutual Releases reflected on the last valid ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior ballot;
- (k) If a Ballot or Master Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing and, unless otherwise determined by the Debtors, must submit proper evidence satisfactory to the Debtors to so act on behalf of a beneficial interest holder;
- (l) The Debtors, in their sole discretion, subject to contrary order of the Court, may waive any defect in any Ballot or Master Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Debtors may, in their sole discretion, reject such defective ballot as invalid and, therefore, not count it in connection with confirmation of the Plan;
- (m) Unless otherwise ordered by the Court, all questions as to the validity, eligibility (including time of receipt) and revocation or withdrawal of Ballots or Master Ballots will be determined by the Debtors in their sole discretion which determination shall be final and binding;
- (n) If a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such claim or interest will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Court orders otherwise;



- (o) Any holder of impaired claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a);
- (p) The Debtors' interpretation of the terms and conditions of the Plan and Disclosure Statement shall be final and binding on all parties, unless otherwise directed by the Court;
- (q) Subject to any contrary order of the Court, the Debtors reserve the absolute right to reject any and all Ballots and Master Ballots not proper in form, the acceptance of which would, in the opinion of the Debtors or their counsel, not be in accordance with the provisions of the Bankruptcy Code;
- (r) The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot or Master Ballot, unless otherwise directed by the Court;
- (s) Unless waived or as otherwise ordered by the Court, any defects or irregularities in connection with deliveries of Ballots or Master Ballots must be cured by the Voting Deadline, and unless otherwise ordered by the Court, delivery of such Ballots or Master Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots and Master Ballots previously furnished (and as to which any irregularities have not been cured or waived by the Voting Deadline) will not be counted;
- (t) Neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots or Master Ballots, nor will any of them incur any liabilities for failure to provide such notification;
- (u) No fees or commissions or other remuneration will be payable to any broker, dealer or other person for soliciting Ballots to accept the Plan;
- (v) The Ballot or Master Ballot is not a letter of transmittal and may not be used for any purpose other than to (i) vote to accept or reject the Plan and (ii) elect not to participate in the Mutual Releases pursuant to the Plan; and
- (w) The Ballot or Master Ballot does not constitute, and shall not be deemed to be, a proof of claim or an assertion or admission of a claim.

### ***Master Ballot Tabulation Procedures***

33. The Debtors acknowledge the complexity and difficulty associated with reaching beneficial owners of publicly traded securities, many of which hold their securities in brokerage accounts and through several layers of ownership. As a result, the Debtors propose that the following procedures, as well as the aforementioned procedures set forth in paragraph 32, apply to holders of claims derived from or based on publicly traded securities (collectively, the "Beneficial Holder Claims"):

- (a) The Debtors shall distribute a Ballot to each record holder of the Beneficial Holder Claims as of the Voting Record Date;
- (b) The Debtors shall also distribute an appropriate number of copies of Ballots to each bank or brokerage firm (or the agent or other Nominee therefor) identified by the Solicitation Agent as an entity through which beneficial owners hold the Beneficial Holder Claims. Each Nominee will be requested to immediately distribute the Ballots to all beneficial holders for which it holds the Beneficial Holder Claims;
- (c) Each Nominee must summarize on a Master Ballot the individual votes of its respective individual beneficial holders from the Ballots of such beneficial holders and return such Master Ballot to the Solicitation Agent;
- (d) A Nominee may also pre-validate a Ballot for holders of the Beneficial Holder Claims by completing all the information to be entered on the Ballot (the "Pre-Validated Ballot") and forwarding the Pre-Validated Ballot to the beneficial holder for voting;
- (e) Any beneficial holder of the Beneficial Holder Claims holding as a record holder in its own name, shall vote on the Plan by completing and signing the Ballot and returning it to the Solicitation Agent;
- (f) Any beneficial holder of the Beneficial Holder Claims who holds in "street name" through a Nominee shall vote on the Plan either
  - (i) if the Nominee has provided a Pre-Validated Ballot, by completing and signing the Pre-Validated Ballot and returning it directly to the Solicitation Agent on or before the Voting Deadline or
  - (ii) by promptly completing and signing a Ballot and returning it to the Nominee in sufficient time to allow the Nominee to process the Ballot and return a Master Ballot to the Solicitation Agent on or before the Voting Deadline;

- (g) Any Ballot returned to a Nominee by a beneficial holder will not be counted for purposes of accepting or rejecting the Plan until such Nominee properly completes and timely delivers to the Solicitation Agent a Master Ballot that reflects the vote of such beneficial holder;
- (h) If a beneficial holder holds the Beneficial Holder Claims through more than one Nominee, such beneficial holder should execute a separate Ballot for each block of the Beneficial Holder Claims that it holds through any Nominee and (unless the ballot is a Pre-Validated Ballot) return the Ballot to the respective Nominee that holds the Beneficial Holder Claims; and
- (i) If a beneficial holder holds a portion of its Beneficial Holder Claims through a Nominee and another portion directly or in its own name as the record holder, such beneficial holder should follow the procedures described herein with respect to voting each such portion separately.

34. The Debtors submit that these procedures will enable the Debtors to transmit materials to the holders of its publicly traded securities and afford beneficial holders of the Beneficial Holder Claims a fair and reasonable opportunity to vote.

#### **Form and Manner of Notices**

35. The Debtors request approval of the notice substantially in the form attached to the proposed Order as Exhibit C (the "Confirmation Hearing Notice"). The Confirmation Hearing Notice (a) describes the location and time of the Confirmation Hearing, (b) informs parties in interest how to obtain a copy of the Plan and Disclosure Statement, (c) gives notice of the Plan Objection Deadline, (d) describes the requirements for the form of objections to the Plan, (e) gives notice of the Voting Record Date, Voting Deadline and Opt-Out Deadline, and (f) contains a prominent disclosure of the injunctive provision of the Plan. The Debtors submit that the Confirmation Hearing Notice complies with the notice requirements of Bankruptcy Rules 2002(b) and 2002(c)(3). The Debtors propose to distribute the Confirmation Hearing Notice within seven (7) business days after entry of the order approving the Disclosure

Statement to (i) the U.S. Trustee, (ii) counsel to the prepetition and postpetition lenders, (iii) counsel to the Official Committee of Unsecured Creditors, (iv) the Securities and Exchange Commission, (v) all creditors on the list of creditors maintained by the Debtors' Solicitation Agent in these Chapter 11 Cases and (vi) those parties who requested notice pursuant to Bankruptcy Rule 2002.

36. In addition to mailing the Confirmation Hearing Notice, the Debtors propose to publish the Confirmation Hearing Notice one time within seven (7) business days after entry of the order approving the Disclosure Statement in the national edition of The Wall Street Journal. The Debtors believe that the publication of the Confirmation Hearing Notice will provide sufficient notice of the Plan Objection Deadline and Confirmation Hearing to persons who may not otherwise receive notice by mail.

37. Consistent with section 1126 of the Bankruptcy Code and Bankruptcy Rule 3017(d), Solicitation Packages will not be distributed to (i) holders of claims against the Debtors that are placed in a class under the Plan that is deemed to accept or reject the Plan under section 1126 of the Bankruptcy Code (Classes 3, 6 and 7), (ii) those persons requesting notice pursuant to Bankruptcy Rule 2002 who are not entitled to vote to accept or reject the Plan or (iii) those persons listed on the master creditor matrix who are not entitled to vote to accept or reject the Plan (collectively, the "Non-Voting Parties"). Instead, the Debtors will send the Non-Voting Parties a notice of the Plan and the Disclosure Statement, substantially in the forms attached to the proposed Order as Exhibit D (the "Non-Voting Notices," and collectively with the Confirmation Hearing Notice, the "Notices"), including instructions on how to obtain copies of the Solicitation Package, if so desired.

38. The Debtors submit that they have shown good cause for implementing the proposed Notices, service and solicitation procedures set forth herein.

***Returned Solicitation Packages or Notices***

39. The Debtors anticipate that some of the Solicitation Packages or Notices may be returned by the United States Postal Service as undeliverable. The Debtors seek the Court's approval for a departure from the strict notice rule so as to excuse the Debtors from re-mailing Solicitation Packages or Notices, as the case may be, to those entities whose addresses differ from the addresses in the claims register or the Debtors' records as of the Voting Record Date. If a creditor changes its mailing address after the Petition Date, the burden is on the creditor, not the Debtors, to advise the Solicitation Agent of the new address.

**Notice**

40. Notice of this Motion has been given to (i) the Office of the United States Trustee, (ii) counsel to the prepetition and postpetition lenders, (iii) counsel to the Official Committee of Unsecured Creditors and (iv) those parties that have requested service under Fed. R. Bankr. P. 2002. The Debtors submit that no additional notice is necessary.

**No Prior Request**

41. No prior motion for the relief requested herein has been made to this or any other court.


WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto, (i) approving the adequacy of the Disclosure Statement; (ii) scheduling a hearing to confirm the Plan; (iii) establishing a Plan objection deadline; (iv) approving the forms of Ballots and Master Ballots, Voting Deadline and Solicitation Procedures; (v) approving the form and manner of Notices; and (vi) granting such other and further relief as the Court deems appropriate.

Dated: December 17, 2004

KIRKLAND & ELLIS LLP  
James H.M. Sprayregen, P.C.  
James W. Kapp III  
Scott R. Zemnick  
200 East Randolph Drive  
Chicago, Illinois 60601  
Telephone: (312) 861-2000  
Facsimile: (312) 861-2200

-and-

PACHULSKI, STANG, ZIEHL, YOUNG, JONES  
& WEINTRAUB P.C.



---

Laura Davis Jones (Bar No. 2436)  
Curtis A. Hehn (Bar No. 4264)  
919 North Market Street, 16<sup>th</sup> Floor  
P.O. Box 8705  
Wilmington, Delaware 19899-8705 (Courier 19801)  
Telephone: (302) 652-4100  
Facsimile: (302) 652-4400

Co-Counsel for the Debtors and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
DESA Holdings Corporation, <i>et al.</i> , <sup>1</sup>	)	Case No. 02-11672 (PJW)
	)	(Jointly Administered)
Debtors.	)	

**ORDER (A) APPROVING THE ADEQUACY OF THE DISCLOSURE STATEMENT;  
(B) SCHEDULING A HEARING TO CONFIRM THE PLAN;  
(C) ESTABLISHING A PLAN OBJECTION DEADLINE; (D) APPROVING FORM OF  
BALLOTS, VOTING DEADLINE AND SOLICITATION PROCEDURES; AND (E)  
APPROVING FORM AND MANNER OF NOTICES**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) seeking entry of an order (a) approving the adequacy of the Disclosure Statement for the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code, as amended or modified (the “Disclosure Statement”); (b) scheduling a hearing to confirm the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code, as amended or modified (the “Plan”); (c) establishing a Plan objection deadline; (d) approving form of ballots, voting deadline and solicitation procedures; and (e) approving form and manner of notices; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C.

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<sup>1</sup> The Debtors consist of the following two entities: DESA Holdings Corporation and DESA International LLC, f/k/a DESA International, Inc.

<sup>2</sup> Capitalized terms not defined herein shall have the same meaning as ascribed in the Motion.

§§ 157 and 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been given; and after due deliberation and it appearing that sufficient cause exists for granting the requested relief; and that the relief requested under the Motion is in the best interests of the Debtors' estates and creditors; it is hereby

ORDERED that the Motion is granted in its entirety; and it is further

ORDERED that the Disclosure Statement is hereby approved; and it is further

ORDERED that a hearing to confirm the Plan (the "Confirmation Hearing") will commence on \_\_\_\_\_, 2005 at \_\_\_\_\_ m., prevailing eastern time; and it is further

ORDERED that the Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise, all without further notice to parties in interest; and it is further

ORDERED that the deadline to file and serve objections to the confirmation of the Plan (the "Plan Objection Deadline") shall be 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005; and it is further

ORDERED that all objections to the confirmation of the Plan must be both (i) filed with the Court on or before the Plan Objection Deadline and (ii) served in a manner so that

*[Continued on Next Page]*



they are actually received on or before 4:00 p.m., prevailing eastern time, on the Plan Objection Deadline by the following parties (collectively, the "Notice Parties"):

<b><u>Counsel for the Debtors:</u></b> Kirkland & Ellis LLP c/o James H.M. Sprayregen, P.C. and James W. Kapp III, Esq. 200 East Randolph Drive Chicago, Illinois 60601 Telephone: (312) 861-2000 Facsimile: (312) 861-2200  and  Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. c/o Laura Davis Jones, Esq. and Curtis A. Hehn, Esq. 919 North Market Street, 16 <sup>th</sup> Floor P.O. Box 8705 Wilmington, Delaware 19899-8705 (Courier 19801) Telephone: (302) 652-4100 Facsimile: (302) 652-4400	<b><u>Counsel for the Creditors Committee:</u></b> Stroock & Stroock & Lavan LLP c/o Gerald C. Bender, Esq. and Karyn B. Zeldman, Esq. 180 Maiden Lane New York, New York 10038-4982 Telephone: (212) 806-5400 Facsimile: (212) 806-6006  and  Ashby & Geddes c/o William P. Bowden, Esq. 222 Delaware Avenue P.O. Box 1150 Wilmington, Delaware 19899 Telephone: (302) 654-1888 Facsimile: (302) 654-2067
<b><u>United States Trustee:</u></b> Office of the United States Trustee J. Caleb Boggs Federal Building 844 N. King Street Suite 2313 Lock Box 35 Wilmington, Delaware 19801	<b><u>Counsel for the Prepetition Lenders:</u></b> Shearman & Sterling LLP c/o Fredric Sosnick, Esq. 599 Lexington Avenue New York, New York 10022-6069 Telephone: (212) 848-4000 Facsimile: (212) 848-7179

ORDERED that, with regard to any timely-filed objection(s) to the Plan, the Debtors shall be allowed to file an omnibus reply on or before the date which is three (3) business days before the Confirmation Hearing; and it is further

ORDERED that the Court shall consider only written objections to the Plan that are timely filed and served by the Plan Objection Deadline; and it is further

ORDERED that all objections to the Plan must (a) state with particularity the legal and factual grounds for such objection, (b) provide, where applicable, the specific text that the objecting party believes to be appropriate to insert into the Plan and (c) describe the nature and amount of the objector's claim; and it is further

ORDERED that objections to the Plan not timely filed and served in accordance with the provisions of this Order shall not be heard and shall be overruled; and it is further

ORDERED that the date of the entry of this Order shall be the record date for purposes of determining which creditors are entitled to vote on the Plan (the "Voting Record Date"); and it is further

ORDERED that the Voting Record Date shall apply to (i) all holders of claims and creditors and (ii) all trustees, agents and Nominees that will collect votes of beneficial holders of claims; and it is further

ORDERED that the deadline for casting a Ballot or Master Ballot to accept or reject the Plan (the "Voting Deadline") shall be \_\_\_\_\_, 2005; and it is further

ORDERED that all Ballots and Master Ballots accepting or rejecting the Plan must be received as appropriate by Bankruptcy Management Corporation (the "Solicitation Agent") by 4:00 p.m., prevailing eastern time, on the Voting Deadline at the following addresses:

If by U.S. Mail:  
Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

If by hand or courier other than U.S. Mail:  
Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

and it is further

ORDERED that the Debtors or the Court may extend the period during which votes will be accepted by the Debtors, in which case the Voting Deadline for such solicitation shall mean the last time and date to which such solicitation is extended; and it is further

ORDERED that the deadline for holders of claims who are entitled to vote on the Plan to affirmatively reject participation in the mutual releases described in Articles X.F.1 and X.F.2 of the Plan (the "Mutual Releases") on their respective Ballots shall be 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005; and it is further

ORDERED that if a holder of a claim who is entitled to vote on the Plan (i) does not return a Ballot or (ii) votes to reject the Plan on its Ballot, such creditor will be deemed to have rejected participation in the Mutual Releases; and it is further

ORDERED that the form of the Ballots, substantially in the forms attached hereto as Exhibit A, are hereby approved; and it is further

ORDERED that the form of the Master Ballot, substantially in the form attached hereto as Exhibit B, is hereby approved; and it is further

ORDERED that all votes to accept or reject the Plan must be cast by using the appropriate Ballot or Master Ballot; and it is further

ORDERED that the voting instructions, substantially in the forms respectively listed in Appendix A to the Ballots attached hereto as Exhibit A and Appendix A to the Master Ballot attached hereto as Exhibit B, are hereby approved; and it is further

ORDERED that the Solicitation Procedures are hereby approved; provided, however, the Debtors reserve the right to modify, amend or supplement the Solicitation Procedures subject to Court approval; and it is further

ORDERED that, within seven (7) business days after the entry of this Order, the Debtors shall distribute the following solicitation materials (the "Solicitation Package") to (i) all known holders of claims against the Debtors as of the Voting Record Date who are entitled to vote on the Plan (Classes 1, 2, 4 and 5), (ii) the Office of the United States Trustee for the District of Delaware and (iii) the Securities and Exchange Commission:

- (a) the Disclosure Statement (including exhibits);
- (b) the Plan (as an exhibit to the Disclosure Statement) or supplements thereto, if any;
- (c) the appropriate Ballot(s), Master Ballot(s) and voting instructions;

- (d) the Confirmation Hearing Notice;
- (e) any supplemental solicitation materials the Debtors may file with the Court;
- (f) a pre-addressed return envelope, if applicable, at the Debtors' sole discretion; and
- (g) any other materials ordered by the Court to be included as part of the Solicitation Package; and it is further

ORDERED that creditors who have more than one claim shall receive only one Solicitation Package and one Ballot for each claim; and it is further

ORDERED that the following rules shall be used to determine the claim amount associated with a creditor's vote:

- (a) If the Debtors do not object to a claim, the claim amount for voting purposes shall be the claim amount contained on a timely filed proof of claim or, if no proof of claim was filed, the non-contingent, liquidated and undisputed claim amount listed in the Debtors' Schedules of Assets and Liabilities (the "Schedules");
- (b) Ballots cast by creditors whose claims are not listed on the Schedules, but who timely file proofs of claim in unliquidated or unknown amounts that are not the subject of an objection filed before the commencement of the hearing to consider the confirmation of the Plan (the "Confirmation Hearing"), will count for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code and will count as ballots for claims in the amount of \$1.00 solely for the purpose of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code;
- (c) If the Debtors object to a claim, such creditor's Ballot shall not be counted in accordance with Bankruptcy Rule 3018(a), unless temporarily allowed by the Court for voting purposes, after notice and a hearing;
- (d) If a creditor casts a Ballot and is listed on the Schedules as holding a claim that is contingent, unliquidated or disputed, such creditor's Ballot shall not be counted in accordance with Bankruptcy Rule 3018(a), unless temporarily allowed by the Court for voting purposes, after notice and a hearing;
- (e) Creditors seeking temporary allowance of their claims for voting purposes must serve on the Debtors and file with the Court a

motion for an order pursuant to Bankruptcy Rule 3018(a) (a “Rule 3018(a) Motion”) seeking temporary allowance for voting purposes. Such Rule 3018(a) Motion, with evidence in support thereof, must be filed by the Plan Objection Deadline. It shall be the responsibility of each creditor filing a Rule 3018(a) Motion to schedule a hearing on such Rule 3018(a) Motion to occur not less than ten (10) days prior to the Confirmation Hearing;

- (f) Unless otherwise provided herein, a claim will be deemed temporarily allowed for voting purposes in an amount equal to the lesser of (i) the amount of such claim as set forth in the Debtors’ Schedules as not contingent, unliquidated or disputed or (ii) the amount of such claim as set forth in a filed proof of claim; and
- (g) In the case of publicly traded securities, the principal amount or number of shares according to the records of the transfer agent for the particular series of securities, including, in the case of The Depository Trust Company (“DTC”), a further breakdown of the individual Nominee holders which are DTC participants, as of the Voting Record Date, shall be the claim or interest amount. In no event shall a Nominee holder be permitted to vote in excess of its position in DTC as of the Voting Record Date

and it is further

ORDERED that creditors seeking temporary allowance of their claims for voting purposes must serve on the Debtors and file with the Court a motion for an order pursuant to Bankruptcy Rule 3018(a) (the “Rule 3018(a) Motion”); and it is further

ORDERED that it shall be the responsibility of each party who files a Rule 3018(a) Motion to (a) file such Rule 3018(a) Motion with evidence in support thereof by the Plan Objection Deadline, (b) schedule a hearing on such Rule 3018(a) Motion (the “Rule 3018(a) Hearing”), and (c) schedule the Rule 3018(a) Hearing on a date that is not less than ten (10) days prior to the Confirmation Hearing; and it is further

ORDERED that to ensure that its vote is counted, each holder of a claim must:

- (a) Complete a Ballot;
- (b) Indicate the holder’s decision either to accept or reject the Plan in the boxes provided in the respective Ballot; and

- (c) Sign and return the Ballot or Master Ballot, as appropriate, so that it is received by the Solicitation Agent, at the addresses set forth above, on or before the Voting Deadline; and it is further

ORDERED that the following general voting procedures and standard assumptions be used in tabulating ballots:

- (a) Except to the extent the Debtors otherwise determine, or as permitted by the Court, Ballots and Master Ballots received after the Voting Deadline will not be accepted or counted by the Debtors in connection with the Debtors' request for confirmation of the Plan;
- (b) Creditors shall not split their vote within a claim; thus, each creditor shall be deemed to have voted the full amount of its claims either to accept or reject the Plan;
- (c) Any Ballot which is executed by the holder of an allowed claim but which does not indicate an acceptance or rejection or which indicates both an acceptance and rejection of the Plan shall be deemed an acceptance of the Plan;
- (d) Creditors holding claims in more than one Class under the Plan may receive more than one Ballot coded for each different Class; however, each Ballot votes only those claims indicated on that Ballot;
- (e) The method of delivery of Ballots and Master Ballots to be sent to the Solicitation Agent is at the election and risk of each holder of a claim, but, except as otherwise provided in the Disclosure Statement, such delivery will be deemed made only when the original, executed Ballot or Master Ballot is actually received by the Solicitation Agent;
- (f) Delivery of the original, executed Ballot or Master Ballot to the Solicitation Agent on or before the Voting Deadline is required. Delivery of a Ballot or Master Ballot by facsimile, email or any other electronic means will not be accepted;
- (g) No Ballot or Master Ballot sent to the Debtors, any indenture trustee or agent, or the Debtors' financial or legal advisors shall be accepted or counted;
- (h) The Debtors expressly reserve the right to amend at any time and from time to time the terms of the Plan (subject to compliance with section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification). If the Debtors make material changes in

the terms of the Plan or the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Court;

- (i) If multiple Ballots or Master Ballots are received from or on behalf of an individual holder of a claim with respect to the same claims prior to the Voting Deadline, the last ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior ballot;
- (j) If multiple Ballots or Master Ballots are received from or on behalf of an individual holder of a claim with respect to the same claims prior to the Voting Deadline, the decision with respect to the Mutual Releases reflected on the last valid ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior ballot;
- (k) If a Ballot or Master Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing and, unless otherwise determined by the Debtors, must submit proper evidence satisfactory to the Debtors to so act on behalf of a beneficial interest holder;
- (l) The Debtors, in their sole discretion, subject to contrary order of the Court, may waive any defect in any Ballot or Master Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Debtors may, in their sole discretion, reject such defective ballot as invalid and, therefore, not count it in connection with confirmation of the Plan;
- (m) Unless otherwise ordered by the Court, all questions as to the validity, eligibility (including time of receipt) and revocation or withdrawal of Ballots or Master Ballots will be determined by the Debtors in their sole discretion which determination shall be final and binding;
- (n) If a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such claim or interest will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Court orders otherwise;

- (o) Any holder of impaired claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a);
- (p) The Debtors' interpretation of the terms and conditions of the Plan and Disclosure Statement shall be final and binding on all parties, unless otherwise directed by the Court;
- (q) Subject to any contrary order of the Court, the Debtors reserve the absolute right to reject any and all Ballots and Master Ballots not proper in form, the acceptance of which would, in the opinion of the Debtors or their counsel, not be in accordance with the provisions of the Bankruptcy Code;
- (r) The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot or Master Ballot, unless otherwise directed by the Court;
- (s) Unless waived or as otherwise ordered by the Court, any defects or irregularities in connection with deliveries of Ballots or Master Ballots must be cured by the Voting Deadline, and unless otherwise ordered by the Court, delivery of such Ballots or Master Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots and Master Ballots previously furnished (and as to which any irregularities have not been cured or waived by the Voting Deadline) will not be counted;
- (t) Neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots or Master Ballots, nor will any of them incur any liabilities for failure to provide such notification;
- (u) No fees or commissions or other remuneration will be payable to any broker, dealer or other person for soliciting Ballots to accept the Plan;
- (v) The Ballot or Master Ballot is not a letter of transmittal and may not be used for any purpose other than to (i) vote to accept or reject the Plan and (ii) elect not to participate in the Mutual Releases pursuant to the Plan; and
- (w) The Ballot or Master Ballot does not constitute, and shall not be deemed to be, a proof of claim or an assertion or admission of a claim

and it is further



ORDERED that the following procedures, as well as the aforementioned procedures, apply to holders of claims derived from or based on publicly traded securities (collectively, the "Beneficial Holder Claims"):

- (a) The Debtors shall distribute a Ballot to each record holder of the Beneficial Holder Claims as of the Voting Record Date;
- (b) The Debtors shall also distribute an appropriate number of copies of Ballots to each bank or brokerage firm (or the agent or other Nominee therefor) identified by the Solicitation Agent as an entity through which beneficial owners hold the Beneficial Holder Claims. Each Nominee will be requested to immediately distribute the Ballots to all beneficial holders for which it holds the Beneficial Holder Claims;
- (c) Each Nominee must summarize on a Master Ballot the individual votes of its respective individual beneficial holders from the Ballots of such beneficial holders and return such Master Ballot to the Solicitation Agent;
- (d) A Nominee may also pre-validate a Ballot for holders of the Beneficial Holder Claims by completing all the information to be entered on the Ballot (the "Pre-Validated Ballot") and forwarding the Pre-Validated Ballot to the beneficial holder for voting;
- (e) Any beneficial holder of the Beneficial Holder Claims holding as a record holder in its own name, shall vote on the Plan by completing and signing the Ballot and returning it to the Solicitation Agent;
- (f) Any beneficial holder of the Beneficial Holder Claims who holds in "street name" through a Nominee shall vote on the Plan either (i) if the Nominee has provided a Pre-Validated Ballot, by completing and signing the Pre-Validated Ballot and returning it directly to the Solicitation Agent on or before the Voting Deadline or (ii) by promptly completing and signing a Ballot and returning it to the Nominee in sufficient time to allow the Nominee to process the Ballot and return a Master Ballot to the Solicitation Agent on or before the Voting Deadline;
- (g) Any Ballot returned to a Nominee by a beneficial holder will not be counted for purposes of accepting or rejecting the Plan until such Nominee properly completes and timely delivers to the Solicitation Agent a Master Ballot that reflects the vote of such beneficial holder;

- (h) If a beneficial holder holds the Beneficial Holder Claims through more than one Nominee, such beneficial holder should execute a separate Ballot for each block of the Beneficial Holder Claims that it holds through any Nominee and (unless the ballot is a Pre-Validated Ballot) return the Ballot to the respective Nominee that holds the Beneficial Holder Claims; and
- (i) If a beneficial holder holds a portion of its Beneficial Holder Claims through a Nominee and another portion directly or in its own name as the record holder, such beneficial holder should follow the procedures described herein with respect to voting each such portion separately;

and it is further

ORDERED that the Confirmation Hearing Notice, substantially in the form attached hereto as Exhibit C, is hereby approved; and it is further

ORDERED that the Debtors shall distribute the Confirmation Hearing Notice within seven (7) business days after entry of this Order to (i) the U.S. Trustee, (ii) counsel to the prepetition and postpetition lenders, (iii) counsel to the Official Committee of Unsecured Creditors, (iv) the Securities and Exchange Commission, (v) all creditors on the list of creditors maintained by the Debtors' Solicitation Agent in these Chapter 11 Cases and (vi) those parties who requested notice pursuant to Bankruptcy Rule 2002; and it is further

ORDERED that, within seven (7) business days after entry of this Order, the Debtors shall publish the Confirmation Hearing Notice one time in the national edition of The Wall Street Journal; and it is further

ORDERED that, consistent with section 1126 of the Bankruptcy Code and Bankruptcy Rule 3017(d), Solicitation Packages shall not be distributed to (i) holders of claims against the Debtors that are placed in a class under the Plan that is deemed to accept or reject the Plan under section 1126 of the Bankruptcy Code (Classes 3, 6 and 7), (ii) those persons requesting notice pursuant to Bankruptcy Rule 2002 who are not entitled to vote to accept or

reject the Plan or (iii) those persons listed on the master creditor matrix who are not entitled to vote to accept or reject the Plan (collectively, the "Non-Voting Parties"), but such Non-Voting Parties shall receive notice of the Plan, including instructions on how to obtain copies of the Solicitation Package, if so desired; and it is further

ORDERED that the Non-Voting Notices, substantially in the forms attached hereto as Exhibit D, are hereby approved; and it is further

ORDERED that the Debtors are excused from re-mailing Solicitation Packages or Notices, as the case may be, to those entities whose addresses differ from the addresses in the claims register or the Debtors' records as of the Voting Record Date; and it is further

ORDERED that the Debtors are authorized and empowered to take all actions and execute such other documents as may be necessary to implement the relief granted herein; and it is further

ORDERED that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: \_\_\_\_\_, 2005

\_\_\_\_\_  
Honorable Peter J. Walsh  
United States Bankruptcy Judge

**Exhibit A**  
**to the Solicitation Procedures Motion**

**BALLOTS**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT**

**BALLOT FOR ACCEPTING OR REJECTING THE JOINT LIQUIDATING PLAN OF REORGANIZATION OF DESA HOLDINGS CORPORATION AND DESA INTERNATIONAL LLC PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

**CLASS 1 – PREPETITION LENDERS CLAIM**

**PLEASE READ AND FOLLOW THE ENCLOSED VOTING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE BALLOT.**

**PLEASE CHECK THE APPROPRIATE BOX BELOW TO INDICATE YOUR ACCEPTANCE OR REJECTION OF THE PLAN.**

This Ballot may not be used for any purpose other than for submitting votes to accept or reject the Plan (as defined herein) and electing not to participate in the mutual releases pursuant to the Plan. All capitalized terms used in the Ballot or Voting Instructions but not otherwise defined therein shall have the meaning ascribed to them in the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan").

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on an Impaired Class if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. In the event the requisite acceptances are not obtained, the Bankruptcy Court may nevertheless confirm the Plan if the Bankruptcy Court finds that the Plan accords fair and equitable treatment to the Class or Classes rejecting it and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

**BALLOTS CAST BY FACSIMILE WILL NOT BE COUNTED.**

---

**THIS BALLOT MUST BE RECEIVED BY BANKRUPTCY MANAGEMENT CORPORATION (THE "SOLICITATION AGENT") BY 4:00 P.M., PREVAILING EASTERN TIME, ON OR BEFORE \_\_\_\_\_, 2005 (THE "VOTING DEADLINE"), UNLESS THE DEBTORS OR THE BANKRUPTCY COURT EXTENDS THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED.**

---

**Item 1. Acceptance or Rejection of the Plan**

The undersigned, the Holder of the Prepetition Lenders Claim (Class 1 Claim) in the aggregate outstanding amount of \$ \_\_\_\_\_:

**Check one box**

☐ Accepts the Plan

☐ Rejects the Plan

**NOTE: The Holder of the Prepetition Lenders Claim must vote all of its Prepetition Lenders Claim either to accept or reject the Plan, and may not split such vote.**

**Item 2. Releases**

**THE PLAN PROVIDES THAT, AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM THAT VOTES TO ACCEPT THE PLAN WILL RELEASE CERTAIN CLAIMS AGAINST CERTAIN PARTIES (AND RECEIVE SIMILAR RELEASES FROM OTHER PARTIES, WHICH ARE DESCRIBED IN MORE DETAIL IN ARTICLES X.F.1 AND X.F.2 OF THE PLAN), UNLESS THE HOLDER OF A CLAIM AFFIRMATIVELY REJECTS (VOTES AGAINST) GIVING AND RECEIVING SUCH RELEASES.**

The undersigned:

☐ Determines NOT to Participate in the Releases described in Articles X.F.1 and X.F.2 of the Plan and Hereby Rejects (votes AGAINST) Giving and Receiving the Releases described in Articles X.F.1 and X.F.2 of the Plan

**Item 3. Certification of Delivery of Documents**

By signing this Ballot, the undersigned certifies that:

(i) such Person or Entity is the Holder of the aggregate face amount of the Class 1 Claims set forth in Item 1 herein and has full power and authority to vote to accept or reject the Plan;

(ii) such Person or Entity has received and reviewed a copy of the Disclosure Statement, the Plan, the Ballot and other solicitation materials and documents related thereto, and acknowledges that the solicitation of votes to accept or reject the Plan is being made pursuant to the terms and conditions set forth therein;

(iii) such Person or Entity either (a) has not submitted any other Ballots for such Class of Claims held in other accounts or other registered names or (b) has disclosed on each Ballot completed by it the existence of Claims in the same Class held in other accounts or registered names, and the submission of other Ballots for such Claims;

(iv) such Person or Entity has cast the same vote on every Ballot completed by such Person or Entity with respect to holdings of Class 1 Claims;

(v) no other Ballots with respect to the Class 1 Claims identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Class 1 Claims, such earlier Ballots are hereby revoked;

(vi) such Person or Entity (or in the case of an authorized signatory, the beneficial interest holder) be treated as the record holder of such Class 1 Claims for purposes of voting on the Plan;

(vii) (a) the Debtors have made available to such Person or Entity or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Person or Entity, and (b) except for information provided by the Debtors in writing, and by its own agents, such Person or Entity has not relied on any statements made or other information received from any Person with respect to the Plan; and

(viii) all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned shall be binding upon the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

If the Holder entitled to vote is a corporation, please sign in corporate name by authorized officer, or if a partnership, please sign in partnership name by authorized person.

NAME OF VOTER: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

BY: \_\_\_\_\_  
(If appropriate)

TITLE: \_\_\_\_\_  
(If appropriate)

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

SOCIAL SECURITY OR FEDERAL TAX I.D. NO: \_\_\_\_\_

TEL. NO. (    ) \_\_\_\_\_ - \_\_\_\_\_ DATE: \_\_\_\_\_

**PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND RETURN IT PROMPTLY**

**YOUR BALLOT MUST BE RECEIVED BY:**

**BANKRUPTCY MANAGEMENT CORPORATION**

If by U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

If by hand or courier other than U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

**BY 4:00 P.M., PREVAILING EASTERN TIME, ON OR BEFORE THE VOTING DEADLINE, UNLESS THE DEBTORS OR THE BANKRUPTCY COURT EXTENDS THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED OR YOUR VOTE WILL NOT BE COUNTED.**

## APPENDIX A

### INSTRUCTIONS FOR COMPLETING THE BALLOT

The Debtors are soliciting votes of the Prepetition Lenders Claim (Class 1 Claim) with respect to the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan") (a copy of which is contained herewith). Please review the Disclosure Statement and the Plan carefully before you complete the Ballot.

The Plan can be confirmed by the Bankruptcy Court, and therefore made binding on you, if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. The Debtors also reserve the right, pursuant to the terms and conditions set forth in the Plan, to seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Please review the Disclosure Statement for more information.

The Ballot is not a letter of transmittal and may not be used for any purpose other than (i) to cast votes to accept or reject the Plan and (ii) to elect not to participate in the mutual releases pursuant to the Plan.

To ensure that your vote is counted, you must (i) complete the Ballot, (ii) indicate your decision either to accept or reject the Plan in the boxes provided in Item 1 of the Ballot and (iii) sign and return the Ballot in the enclosed envelope. Your Ballot must be received by Bankruptcy Management Corporation (the "Solicitation Agent") no later than 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005 (the "Voting Deadline"), at the following addresses, unless the Bankruptcy Court or the Debtors extend the period during which Ballots will be accepted by the Debtors, in which case the term "Voting Deadline" for such solicitation shall mean the last time and date to which such solicitation is extended:

If by U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

If by hand or courier other than U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

Except to the extent the Debtors otherwise determine, or as permitted by the Bankruptcy Court, Ballots received after the Voting Deadline will not be accepted or counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan.

Creditors shall not split their vote within a Claim; thus, each creditor shall be deemed to have voted the full amount of its Claims either to accept or reject the Plan.

Any Ballot which is executed by the Holder of an Allowed Claim but which does not indicate an acceptance or rejection or which indicates both an acceptance and rejection of the Plan shall be deemed an acceptance of the Plan.

Creditors holding Claims in more than one Class under the Plan may receive more than one Ballot coded for each different Class; however, each Ballot votes only those Claims indicated on that Ballot.

The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each Holder of a Claim, but, except as otherwise provided in the Disclosure Statement, such delivery will be deemed made only when the original, executed Ballot is actually received by the Solicitation Agent.

Delivery of the original, executed Ballot to the Solicitation Agent on or before the Voting Deadline is required. Delivery of a Ballot by facsimile, email or any other electronic means will not be accepted.

No Ballot sent to the Debtors, any indenture trustee or agent, or the Debtors' financial or legal advisors shall be accepted or counted.

The Debtors expressly reserve the right to amend at any time and from time to time the terms of the Plan (subject to compliance with section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification). If the Debtors make material changes in the terms of the Plan or the Debtors waive a material condition, the Debtors will K&E 9996453.7



disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court.

If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claims prior to the Voting Deadline, the decision with respect to the mutual releases reflected on the last valid Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If a Holder of a Claim who is entitled to vote on the Plan (i) does not return a Ballot or (ii) votes to reject the Plan on its Ballot, such Holder will be deemed to have rejected participation in the mutual releases described in Articles X.F.1 and X.F.2 of the Plan.

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing and, unless otherwise determined by the Debtors, must submit proper evidence satisfactory to the Debtors to so act on behalf of a beneficial interest holder.

The Debtors, in their sole discretion, subject to contrary order of the Bankruptcy Court, may waive any defect in any Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Debtors may, in their sole discretion, reject such defective Ballot as invalid and, therefore, not count it in connection with Confirmation of the Plan.

Unless otherwise ordered by the Bankruptcy Court, all questions as to the validity, eligibility (including time of receipt) and revocation or withdrawal of Ballots will be determined by the Debtors in their sole discretion which determination shall be final and binding.

If a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such claim or interest will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

Any Holder of Impaired Claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a).

The Debtors' interpretation of the terms and conditions of the Plan and Disclosure Statement shall be final and binding on all parties, unless otherwise directed by the Bankruptcy Court.

Subject to any contrary order of the Bankruptcy Court, the Debtors reserve the absolute right to reject any and all Ballots not proper in form, the acceptance of which would, in the opinion of the Debtors or their counsel, not be in accordance with the provisions of the Bankruptcy Code.

The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot, unless otherwise directed by the Bankruptcy Court.

Unless waived or as otherwise ordered by the Bankruptcy Court, any defects or irregularities in connection with deliveries of Ballots must be cured by the Voting Deadline, and unless otherwise ordered by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not been cured or waived by the Voting Deadline) will not be counted.

Neither the Debtors, nor any other person or entity, 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.

No fees or commissions or other remuneration will be payable to any broker, dealer or other person for soliciting Ballots to accept the Plan.

The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of a Claim.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THE BALLOT OR THE OTHER ENCLOSED MATERIALS, PLEASE CALL THE SOLICITATION AGENT AT (888) 909-0100.**

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU, OR ANY OTHER PERSON, THE AGENT OF THE DEBTORS OR THE SOLICITATION AGENT, OR AUTHORIZE YOU, OR ANY OTHER PERSON, TO USE ANY OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DOCUMENTS ENCLOSED HERewith.

**THE METHOD OF DELIVERY OF A BALLOT TO THE SOLICITATION AGENT IS AT THE ELECTION AND RISK OF EACH ENTITY. EXCEPT AS OTHERWISE PROVIDED HEREIN, SUCH DELIVERY WILL BE DEEMED MADE ONLY WHEN THE ORIGINAL EXECUTED BALLOT IS ACTUALLY RECEIVED BY THE SOLICITATION AGENT. INSTEAD OF EFFECTING DELIVERY BY MAIL, IT IS RECOMMENDED, THOUGH NOT REQUIRED, THAT SUCH ENTITIES USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. DELIVERY OF A BALLOT BY FACSIMILE, E-MAIL OR ANY OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED. NO BALLOT SHOULD BE SENT TO THE DEBTORS, ANY INDENTURE TRUSTEE OR AGENT, OR THE DEBTORS' FINANCIAL OR LEGAL ADVISORS.**

**PLEASE MAIL/DELIVER YOUR BALLOT PROMPTLY!**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT**

**BALLOT FOR ACCEPTING OR REJECTING THE JOINT LIQUIDATING PLAN OF REORGANIZATION OF DESA HOLDINGS CORPORATION AND DESA INTERNATIONAL LLC PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

**CLASS 2 – OTHER SECURED CLAIMS**

**PLEASE READ AND FOLLOW THE ENCLOSED VOTING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE BALLOT.**

**PLEASE CHECK THE APPROPRIATE BOX BELOW TO INDICATE YOUR ACCEPTANCE OR REJECTION OF THE PLAN.**

This Ballot may not be used for any purpose other than for submitting votes to accept or reject the Plan (as defined herein) and electing not to participate in the mutual releases pursuant to the Plan. All capitalized terms used in the Ballot or Voting Instructions but not otherwise defined therein shall have the meaning ascribed to them in the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan").

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on an Impaired Class if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. In the event the requisite acceptances are not obtained, the Bankruptcy Court may nevertheless confirm the Plan if the Bankruptcy Court finds that the Plan accords fair and equitable treatment to the Class or Classes rejecting it and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

**BALLOTS CAST BY FACSIMILE WILL NOT BE COUNTED.**

---

**THIS BALLOT MUST BE RECEIVED BY BANKRUPTCY MANAGEMENT CORPORATION (THE "SOLICITATION AGENT") BY 4:00 P.M., PREVAILING EASTERN TIME, ON OR BEFORE \_\_\_\_\_, 2005 (THE "VOTING DEADLINE"), UNLESS THE DEBTORS OR THE BANKRUPTCY COURT EXTENDS THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED.**

---

**Item 1. Acceptance or Rejection of the Plan**

The undersigned, a Holder of Other Secured Claims (Class 2 Claims) in the aggregate outstanding amount of \$ \_\_\_\_\_:

**Check one box**

☐ Accepts the Plan

☐ Rejects the Plan

**NOTE: Each Holder of Other Secured Claims must vote all of its Other Secured Claims either to accept or reject the Plan, and may not split such vote.**

**Item 2. Releases**

**THE PLAN PROVIDES THAT, AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM THAT VOTES TO ACCEPT THE PLAN WILL RELEASE CERTAIN CLAIMS AGAINST CERTAIN PARTIES (AND RECEIVE SIMILAR RELEASES FROM OTHER PARTIES, WHICH ARE DESCRIBED IN MORE DETAIL IN ARTICLES X.F.1 AND X.F.2 OF THE PLAN), UNLESS THE HOLDER OF A CLAIM AFFIRMATIVELY REJECTS (VOTES AGAINST) GIVING AND RECEIVING SUCH RELEASES.**

The undersigned:

☐ Determines NOT to Participate in the Releases described in Articles X.F.1 and X.F.2 of the Plan and Hereby Rejects (votes AGAINST) Giving and Receiving the Releases described in Articles X.F.1 and X.F.2 of the Plan

**Item 3. Certification of Delivery of Documents**

By signing this Ballot, the undersigned certifies that:

(i) such Person or Entity is the Holder of the aggregate face amount of the Class 2 Claims set forth in Item 1 herein and has full power and authority to vote to accept or reject the Plan;

(ii) such Person or Entity has received and reviewed a copy of the Disclosure Statement, the Plan, the Ballot and other solicitation materials and documents related thereto, and acknowledges that the solicitation of votes to accept or reject the Plan is being made pursuant to the terms and conditions set forth therein;

(iii) such Person or Entity either (a) has not submitted any other Ballots for such Class of Claims held in other accounts or other registered names or (b) has disclosed on each Ballot completed by it the existence of Claims in the same Class held in other accounts or registered names, and the submission of other Ballots for such Claims;

(iv) such Person or Entity has cast the same vote on every Ballot completed by such Person or Entity with respect to holdings of Class 2 Claims;

(v) no other Ballots with respect to the Class 2 Claims identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Class 2 Claims, such earlier Ballots are hereby revoked;

(vi) such Person or Entity (or in the case of an authorized signatory, the beneficial interest holder) be treated as the record holder of such Class 2 Claims for purposes of voting on the Plan;

(vii) (a) the Debtors have made available to such Person or Entity or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Person or Entity, and (b) except for information provided by the Debtors in writing, and by its own agents, such Person or Entity has not relied on any statements made or other information received from any Person with respect to the Plan; and

(viii) all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned shall be binding upon the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

If the Holder entitled to vote is a corporation, please sign in corporate name by authorized officer, or if a partnership, please sign in partnership name by authorized person.

NAME OF VOTER: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

BY: \_\_\_\_\_  
(If appropriate)

TITLE: \_\_\_\_\_  
(If appropriate)

ADDRESS: \_\_\_\_\_

\_\_\_\_\_  
SOCIAL SECURITY OR FEDERAL TAX I.D. NO: \_\_\_\_\_

TEL. NO. (    ) \_\_\_\_\_ - \_\_\_\_\_ DATE: \_\_\_\_\_

**PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND RETURN IT PROMPTLY**

**YOUR BALLOT MUST BE RECEIVED BY:**

**BANKRUPTCY MANAGEMENT CORPORATION**

If by U.S. Mail:  
Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

If by hand or courier other than U.S. Mail:  
Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

**BY 4:00 P.M., PREVAILING EASTERN TIME, ON OR BEFORE THE VOTING DEADLINE, UNLESS THE DEBTORS OR THE BANKRUPTCY COURT EXTENDS THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED OR YOUR VOTE WILL NOT BE COUNTED.**

## APPENDIX A

### INSTRUCTIONS FOR COMPLETING THE BALLOT

The Debtors are soliciting votes of Holders of Other Secured Claims (Class 2 Claims) with respect to the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan") (a copy of which is contained herewith). Please review the Disclosure Statement and the Plan carefully before you complete the Ballot.

The Plan can be confirmed by the Bankruptcy Court, and therefore made binding on you, if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. The Debtors also reserve the right, pursuant to the terms and conditions set forth in the Plan, to seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Please review the Disclosure Statement for more information.

The Ballot is not a letter of transmittal and may not be used for any purpose other than (i) to cast votes to accept or reject the Plan and (ii) to elect not to participate in the mutual releases pursuant to the Plan.

To ensure that your vote is counted, you must (i) complete the Ballot, (ii) indicate your decision either to accept or reject the Plan in the boxes provided in Item 1 of the Ballot and (iii) sign and return the Ballot in the enclosed envelope. Your Ballot must be received by Bankruptcy Management Corporation (the "Solicitation Agent") no later than 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005 (the "Voting Deadline"), at the following addresses, unless the Bankruptcy Court or the Debtors extend the period during which Ballots will be accepted by the Debtors, in which case the term "Voting Deadline" for such solicitation shall mean the last time and date to which such solicitation is extended:

If by U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

If by hand or courier other than U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

Except to the extent the Debtors otherwise determine, or as permitted by the Bankruptcy Court, Ballots received after the Voting Deadline will not be accepted or counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan.

Creditors shall not split their vote within a Claim; thus, each creditor shall be deemed to have voted the full amount of its Claims either to accept or reject the Plan.

Any Ballot which is executed by the Holder of an Allowed Claim but which does not indicate an acceptance or rejection or which indicates both an acceptance and rejection of the Plan shall be deemed an acceptance of the Plan.

Creditors holding Claims in more than one Class under the Plan may receive more than one Ballot coded for each different Class; however, each Ballot votes only those Claims indicated on that Ballot.

The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each Holder of a Claim, but, except as otherwise provided in the Disclosure Statement, such delivery will be deemed made only when the original, executed Ballot is actually received by the Solicitation Agent.

Delivery of the original, executed Ballot to the Solicitation Agent on or before the Voting Deadline is required. Delivery of a Ballot by facsimile, email or any other electronic means will not be accepted.

No Ballot sent to the Debtors, any indenture trustee or agent, or the Debtors' financial or legal advisors shall be accepted or counted.

The Debtors expressly reserve the right to amend at any time and from time to time the terms of the Plan (subject to compliance with section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification). If the Debtors make material changes in the terms of the Plan or the Debtors waive a material condition, the Debtors will

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disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court.

If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claims prior to the Voting Deadline, the decision with respect to the mutual releases reflected on the last valid Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If a Holder of a Claim who is entitled to vote on the Plan (i) does not return a Ballot or (ii) votes to reject the Plan on its Ballot, such Holder will be deemed to have rejected participation in the mutual releases described in Articles X.F.1 and X.F.2 of the Plan.

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing and, unless otherwise determined by the Debtors, must submit proper evidence satisfactory to the Debtors to so act on behalf of a beneficial interest holder.

The Debtors, in their sole discretion, subject to contrary order of the Bankruptcy Court, may waive any defect in any Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Debtors may, in their sole discretion, reject such defective Ballot as invalid and, therefore, not count it in connection with Confirmation of the Plan.

Unless otherwise ordered by the Bankruptcy Court, all questions as to the validity, eligibility (including time of receipt) and revocation or withdrawal of Ballots will be determined by the Debtors in their sole discretion which determination shall be final and binding.

If a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such claim or interest will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

Any Holder of Impaired Claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a).

The Debtors' interpretation of the terms and conditions of the Plan and Disclosure Statement shall be final and binding on all parties, unless otherwise directed by the Bankruptcy Court.

Subject to any contrary order of the Bankruptcy Court, the Debtors reserve the absolute right to reject any and all Ballots not proper in form, the acceptance of which would, in the opinion of the Debtors or their counsel, not be in accordance with the provisions of the Bankruptcy Code.

The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot, unless otherwise directed by the Bankruptcy Court.

Unless waived or as otherwise ordered by the Bankruptcy Court, any defects or irregularities in connection with deliveries of Ballots must be cured by the Voting Deadline, and unless otherwise ordered by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not been cured or waived by the Voting Deadline) will not be counted.

Neither the Debtors, nor any other person or entity, 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.

No fees or commissions or other remuneration will be payable to any broker, dealer or other person for soliciting Ballots to accept the Plan.

The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of a Claim.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THE BALLOT OR THE OTHER ENCLOSED MATERIALS, PLEASE CALL THE SOLICITATION AGENT AT (888) 909-0100.**

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU, OR ANY OTHER PERSON, THE AGENT OF THE DEBTORS OR THE SOLICITATION AGENT, OR AUTHORIZE YOU, OR ANY OTHER PERSON, TO USE ANY OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DOCUMENTS ENCLOSED HERewith.

THE METHOD OF DELIVERY OF A BALLOT TO THE SOLICITATION AGENT IS AT THE ELECTION AND RISK OF EACH ENTITY. EXCEPT AS OTHERWISE PROVIDED HEREIN, SUCH DELIVERY WILL BE DEEMED MADE ONLY WHEN THE ORIGINAL EXECUTED BALLOT IS ACTUALLY RECEIVED BY THE SOLICITATION AGENT. INSTEAD OF EFFECTING DELIVERY BY MAIL, IT IS RECOMMENDED, THOUGH NOT REQUIRED, THAT SUCH ENTITIES USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. DELIVERY OF A BALLOT BY FACSIMILE, E-MAIL OR ANY OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED. NO BALLOT SHOULD BE SENT TO THE DEBTORS, ANY INDENTURE TRUSTEE OR AGENT, OR THE DEBTORS' FINANCIAL OR LEGAL ADVISORS.

**PLEASE MAIL/DELIVER YOUR BALLOT PROMPTLY!**



**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT**

**BALLOT FOR ACCEPTING OR REJECTING THE JOINT LIQUIDATING PLAN OF REORGANIZATION OF DESA HOLDINGS CORPORATION AND DESA INTERNATIONAL LLC PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

**CLASS 4 – GENERAL UNSECURED CLAIMS**

**PLEASE READ AND FOLLOW THE ENCLOSED VOTING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE BALLOT.**

**PLEASE CHECK THE APPROPRIATE BOX BELOW TO INDICATE YOUR ACCEPTANCE OR REJECTION OF THE PLAN.**

This Ballot may not be used for any purpose other than for submitting votes to accept or reject the Plan (as defined herein) and electing not to participate in the mutual releases pursuant to the Plan. All capitalized terms used in the Ballot or Voting Instructions but not otherwise defined therein shall have the meaning ascribed to them in the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan").

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on an Impaired Class if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. In the event the requisite acceptances are not obtained, the Bankruptcy Court may nevertheless confirm the Plan if the Bankruptcy Court finds that the Plan accords fair and equitable treatment to the Class or Classes rejecting it and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

**BALLOTS CAST BY FACSIMILE WILL NOT BE COUNTED.**

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**THIS BALLOT MUST BE RECEIVED BY BANKRUPTCY MANAGEMENT CORPORATION (THE "SOLICITATION AGENT") BY 4:00 P.M., PREVAILING EASTERN TIME, ON OR BEFORE \_\_\_\_\_, 2005 (THE "VOTING DEADLINE"), UNLESS THE DEBTORS OR THE BANKRUPTCY COURT EXTENDS THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED.**

---

**Item 1. Acceptance or Rejection of the Plan**

The undersigned, a Holder of General Unsecured Claims (Class 4 Claims) in the aggregate outstanding amount of \$ \_\_\_\_\_:

**Check one box**

☐ Accepts the Plan

☐ Rejects the Plan

**NOTE: Each Holder of General Unsecured Claims must vote all of its General Unsecured Claims either to accept or reject the Plan, and may not split such vote.**

**Item 2. Releases**

**THE PLAN PROVIDES THAT, AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM THAT VOTES TO ACCEPT THE PLAN WILL RELEASE CERTAIN CLAIMS AGAINST CERTAIN PARTIES (AND RECEIVE SIMILAR RELEASES FROM OTHER PARTIES, WHICH ARE DESCRIBED IN MORE DETAIL IN ARTICLES X.F.1 AND X.F.2 OF THE PLAN), UNLESS THE HOLDER OF A CLAIM AFFIRMATIVELY REJECTS (VOTES AGAINST) GIVING AND RECEIVING SUCH RELEASES.**

The undersigned:

☐ Determines NOT to Participate in the Releases described in Articles X.F.1 and X.F.2 of the Plan and Hereby Rejects (votes AGAINST) Giving and Receiving the Releases described in Articles X.F.1 and X.F.2 of the Plan

**Item 3. Certification of Delivery of Documents**

By signing this Ballot, the undersigned certifies that:

(i) such Person or Entity is the Holder of the aggregate face amount of the Class 4 Claims set forth in Item 1 herein and has full power and authority to vote to accept or reject the Plan;

(ii) such Person or Entity has received and reviewed a copy of the Disclosure Statement, the Plan, the Ballot and other solicitation materials and documents related thereto, and acknowledges that the solicitation of votes to accept or reject the Plan is being made pursuant to the terms and conditions set forth therein;

(iii) such Person or Entity either (a) has not submitted any other Ballots for such Class of Claims held in other accounts or other registered names or (b) has disclosed on each Ballot completed by it the existence of Claims in the same Class held in other accounts or registered names, and the submission of other Ballots for such Claims;

(iv) such Person or Entity has cast the same vote on every Ballot completed by such Person or Entity with respect to holdings of Class 4 Claims;

(v) no other Ballots with respect to the Class 4 Claims identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Class 4 Claims, such earlier Ballots are hereby revoked;

(vi) such Person or Entity (or in the case of an authorized signatory, the beneficial interest holder) be treated as the record holder of such Class 4 Claims for purposes of voting on the Plan;

(vii) (a) the Debtors have made available to such Person or Entity or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Person or Entity, and (b) except for information provided by the Debtors in writing, and by its own agents, such Person or Entity has not relied on any statements made or other information received from any Person with respect to the Plan; and

(viii) all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned shall be binding upon the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

If the Holder entitled to vote is a corporation, please sign in corporate name by authorized officer, or if a partnership, please sign in partnership name by authorized person.

NAME OF VOTER: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

BY: \_\_\_\_\_  
(If appropriate)

TITLE: \_\_\_\_\_  
(If appropriate)

ADDRESS: \_\_\_\_\_

SOCIAL SECURITY OR FEDERAL TAX I.D. NO: \_\_\_\_\_

TEL. NO. (    ) \_\_\_\_\_ - \_\_\_\_\_                      DATE: \_\_\_\_\_

**PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND RETURN IT PROMPTLY**

**YOUR BALLOT MUST BE RECEIVED BY:**

**BANKRUPTCY MANAGEMENT CORPORATION**

**If by U.S. Mail:**

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

**If by hand or courier other than U.S. Mail:**

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

**BY 4:00 P.M., PREVAILING EASTERN TIME, ON OR BEFORE THE VOTING DEADLINE, UNLESS THE DEBTORS OR THE BANKRUPTCY COURT EXTENDS THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED OR YOUR VOTE WILL NOT BE COUNTED.**

## APPENDIX A

### INSTRUCTIONS FOR COMPLETING THE BALLOT

The Debtors are soliciting votes of Holders of General Unsecured Claims (Class 4 Claims) with respect to the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan") (a copy of which is contained herewith). Please review the Disclosure Statement and the Plan carefully before you complete the Ballot.

The Plan can be confirmed by the Bankruptcy Court, and therefore made binding on you, if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. The Debtors also reserve the right, pursuant to the terms and conditions set forth in the Plan, to seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Please review the Disclosure Statement for more information.

The Ballot is not a letter of transmittal and may not be used for any purpose other than (i) to cast votes to accept or reject the Plan and (ii) to elect not to participate in the mutual releases pursuant to the Plan.

To ensure that your vote is counted, you must (i) complete the Ballot, (ii) indicate your decision either to accept or reject the Plan in the boxes provided in Item 1 of the Ballot and (iii) sign and return the Ballot in the enclosed envelope. Your Ballot must be received by Bankruptcy Management Corporation (the "Solicitation Agent") no later than 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005 (the "Voting Deadline"), at the following addresses, unless the Bankruptcy Court or the Debtors extend the period during which Ballots will be accepted by the Debtors, in which case the term "Voting Deadline" for such solicitation shall mean the last time and date to which such solicitation is extended:

If by U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

If by hand or courier other than U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

Except to the extent the Debtors otherwise determine, or as permitted by the Bankruptcy Court, Ballots received after the Voting Deadline will not be accepted or counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan.

Creditors shall not split their vote within a Claim; thus, each creditor shall be deemed to have voted the full amount of its Claims either to accept or reject the Plan.

Any Ballot which is executed by the Holder of an Allowed Claim but which does not indicate an acceptance or rejection or which indicates both an acceptance and rejection of the Plan shall be deemed an acceptance of the Plan.

Creditors holding Claims in more than one Class under the Plan may receive more than one Ballot coded for each different Class; however, each Ballot votes only those Claims indicated on that Ballot.

The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each Holder of a Claim, but, except as otherwise provided in the Disclosure Statement, such delivery will be deemed made only when the original, executed Ballot is actually received by the Solicitation Agent.

Delivery of the original, executed Ballot to the Solicitation Agent on or before the Voting Deadline is required. Delivery of a Ballot by facsimile, email or any other electronic means will not be accepted.

No Ballot sent to the Debtors, any indenture trustee or agent, or the Debtors' financial or legal advisors shall be accepted or counted.

The Debtors expressly reserve the right to amend at any time and from time to time the terms of the Plan (subject to compliance with section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification). If the Debtors make material changes in the terms of the Plan or the Debtors waive a material condition, the Debtors will

disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court.

If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claims prior to the Voting Deadline, the decision with respect to the mutual releases reflected on the last valid Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If a Holder of a Claim who is entitled to vote on the Plan (i) does not return a Ballot or (ii) votes to reject the Plan on its Ballot, such Holder will be deemed to have rejected participation in the mutual releases described in Articles X.F.1 and X.F.2 of the Plan.

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing and, unless otherwise determined by the Debtors, must submit proper evidence satisfactory to the Debtors to so act on behalf of a beneficial interest holder.

The Debtors, in their sole discretion, subject to contrary order of the Bankruptcy Court, may waive any defect in any Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Debtors may, in their sole discretion, reject such defective Ballot as invalid and, therefore, not count it in connection with Confirmation of the Plan.

Unless otherwise ordered by the Bankruptcy Court, all questions as to the validity, eligibility (including time of receipt) and revocation or withdrawal of Ballots will be determined by the Debtors in their sole discretion which determination shall be final and binding.

If a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such claim or interest will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

Any Holder of Impaired Claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a).

The Debtors' interpretation of the terms and conditions of the Plan and Disclosure Statement shall be final and binding on all parties, unless otherwise directed by the Bankruptcy Court.

Subject to any contrary order of the Bankruptcy Court, the Debtors reserve the absolute right to reject any and all Ballots not proper in form, the acceptance of which would, in the opinion of the Debtors or their counsel, not be in accordance with the provisions of the Bankruptcy Code.

The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot, unless otherwise directed by the Bankruptcy Court.

Unless waived or as otherwise ordered by the Bankruptcy Court, any defects or irregularities in connection with deliveries of Ballots must be cured by the Voting Deadline, and unless otherwise ordered by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not been cured or waived by the Voting Deadline) will not be counted.

Neither the Debtors, nor any other person or entity, 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.

No fees or commissions or other remuneration will be payable to any broker, dealer or other person for soliciting Ballots to accept the Plan.

The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of a Claim.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THE BALLOT OR THE OTHER ENCLOSED MATERIALS, PLEASE CALL THE SOLICITATION AGENT AT (888) 909-0100.**

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU, OR ANY OTHER PERSON, THE AGENT OF THE DEBTORS OR THE SOLICITATION AGENT, OR AUTHORIZE YOU, OR ANY OTHER PERSON, TO USE ANY OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DOCUMENTS ENCLOSED HERewith.

**THE METHOD OF DELIVERY OF A BALLOT TO THE SOLICITATION AGENT IS AT THE ELECTION AND RISK OF EACH ENTITY. EXCEPT AS OTHERWISE PROVIDED HEREIN, SUCH DELIVERY WILL BE DEEMED MADE ONLY WHEN THE ORIGINAL EXECUTED BALLOT IS ACTUALLY RECEIVED BY THE SOLICITATION AGENT. INSTEAD OF EFFECTING DELIVERY BY MAIL, IT IS RECOMMENDED, THOUGH NOT REQUIRED, THAT SUCH ENTITIES USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. DELIVERY OF A BALLOT BY FACSIMILE, E-MAIL OR ANY OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED. NO BALLOT SHOULD BE SENT TO THE DEBTORS, ANY INDENTURE TRUSTEE OR AGENT, OR THE DEBTORS' FINANCIAL OR LEGAL ADVISORS.**

**PLEASE MAIL/DELIVER YOUR BALLOT PROMPTLY!**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT**

**BALLOT FOR ACCEPTING OR REJECTING THE JOINT LIQUIDATING PLAN OF REORGANIZATION OF DESA HOLDINGS CORPORATION AND DESA INTERNATIONAL LLC PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

**CLASS 5 – SUBORDINATED NOTE CLAIMS  
(Holders of 9-7/8% Senior Subordinated Notes due 2007)**

This Ballot may not be used for any purpose other than for submitting votes to accept or reject the Plan (as defined herein) and electing not to participate in the mutual releases pursuant to the Plan. All capitalized terms used in the Ballot or Voting Instructions but not otherwise defined therein shall have the meaning ascribed to them in the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the “Plan”).

**THIS BALLOT IS TO BE USED FOR VOTING BY BENEFICIAL OWNERS OF CLASS 5 CLAIMS ONLY. IN ORDER FOR A BALLOT TO BE COUNTED, IT MUST BE PROPERLY COMPLETED AND RETURNED, SO AS TO BE RECEIVED BY YOUR BROKER, PROXY INTERMEDIARY, NOMINEE, OR OTHER INTERMEDIATE ENTITY FROM WHOM YOU HAVE RECEIVED THIS BALLOT (THE “NOMINEE”), IN THE ENCLOSED ENVELOPE. YOU SHOULD RETURN THIS BALLOT TO YOUR NOMINEE SO AS TO ALLOW ADDITIONAL TIME FOR SUCH NOMINEE TO REVIEW YOUR BALLOT AND TRANSMIT THE MASTER BALLOT TO BANKRUPTCY MANAGEMENT CORPORATION (THE “SOLICITATION AGENT”) BY THE VOTING DEADLINE.**

Your Nominee is required to: (1) review Ballots that it receives from beneficial owners (“Beneficial Owners”) of 9-7/8% Senior Subordinated Notes, due 2007 (the “Subordinated Notes”), (2) transcribe certain information from said Ballots onto a master ballot (the “Master Ballot”), and (3) return the completed Master Ballot to the Debtors’ Solicitation Agent, Bankruptcy Management Corporation no later than 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005 (the “Voting Deadline”), at the following addresses, unless the Bankruptcy Court or the Debtors extend the period during which ballots will be accepted by the Debtors, in which case the term “Voting Deadline” for such solicitation shall mean the last time and date to which such solicitation is extended:

**If by U.S. Mail:**

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

**If by hand or courier other than U.S. Mail:**

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

Your vote on the Plan will not be counted if the Nominee fails to transmit a completed Master Ballot to the Solicitation Agent by the Voting Deadline. Facsimile ballots will not be accepted by the Solicitation Agent. If you have questions on how to properly complete this ballot, please contact your Nominee or the Solicitation Agent at (888) 909-0100.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on an Impaired Class if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. In the event the requisite acceptances are not obtained, the Bankruptcy Court may nevertheless confirm the Plan if the Bankruptcy Court finds that the Plan accords fair and equitable treatment to the Class or Classes rejecting it and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

**BALLOTS CAST BY FACSIMILE WILL NOT BE COUNTED.**

**Item 1. Acceptance or Rejection of the Plan**

The undersigned, a Beneficial Owner of Subordinated Notes in the aggregate face amount of \$ \_\_\_\_\_:

**Check one box**

☐ Accepts the Plan

☐ Rejects the Plan

**NOTE:** Each Beneficial Owner of Subordinated Notes must vote all of its Subordinated Notes either to accept or reject the Plan, and may not split such vote.

**Item 2. Releases**

**THE PLAN PROVIDES THAT, AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM THAT VOTES TO ACCEPT THE PLAN WILL RELEASE CERTAIN CLAIMS AGAINST CERTAIN PARTIES (AND RECEIVE SIMILAR RELEASES FROM OTHER PARTIES, WHICH ARE DESCRIBED IN MORE DETAIL IN ARTICLES X.F.1 AND X.F.2 OF THE PLAN), UNLESS THE HOLDER OF A CLAIM AFFIRMATIVELY REJECTS (VOTES AGAINST) GIVING AND RECEIVING SUCH RELEASES.**

The undersigned:

☐ Determines NOT to Participate in the Releases described in Articles X.F.1 and X.F.2 of the Plan and Hereby Rejects (votes AGAINST) Giving and Receiving the Releases described in Articles X.F.1 and X.F.2 of the Plan

**Item 3. Additional Information Required**

By returning this Ballot, the Beneficial Owner certifies that either (i) it has not submitted any other Ballots for Subordinated Notes held in other accounts or other record names, or (ii) it has provided the information specified in the following table for all other Subordinated Notes for which it has submitted additional Ballots (please use additional sheets of paper if necessary):

**Only Complete If You Have Submitted Other Ballots**

<b>Name of Record Holder of Any Other Claims Voted (insert your name if the Subordinated Notes are held by you in record name; if held in Street Name, insert the name of your bank, broker or other intermediary)</b>	<b>Account Number of Any Other Claims Voted (if held in Street Name)</b>	<b>Principal Amount of Other Claims Voted</b>
1. _____	_____	\$ _____
2. _____	_____	\$ _____
3. _____	_____	\$ _____
4. _____	_____	\$ _____
5. _____	_____	\$ _____
6. _____	_____	\$ _____
7. _____	_____	\$ _____



8. _____	_____	\$ _____
9. _____	_____	\$ _____
10. _____	_____	\$ _____

**Item 4. Certification of Delivery of Documents**

By signing this Ballot, the undersigned certifies that:

(i) such Person or Entity is the Beneficial Owner of the aggregate face amount of the Class 5 Claims set forth in Item 1 herein and has full power and authority to vote to accept or reject the Plan;

(ii) such Person or Entity has received and reviewed a copy of the Disclosure Statement, the Plan, the Ballot and other solicitation materials and documents related thereto, and acknowledges that the solicitation of votes to accept or reject the Plan is being made pursuant to the terms and conditions set forth therein;

(iii) such Person or Entity either (a) has not submitted any other Ballots for such Class of Claims held in other accounts or other registered names or (b) has disclosed on each Ballot completed by it the existence of Claims in the same Class held in other accounts or registered names, and the submission of other Ballots for such Claims;

(iv) such Person or Entity has cast the same vote on every Ballot completed by such Person or Entity with respect to holdings of Class 5 Claims;

(v) no other Ballots with respect to the Class 5 Claims identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Class 5 Claims, such earlier Ballots are hereby revoked;

(vi) such Person or Entity (or in the case of an authorized signatory, the beneficial interest holder) be treated as the record holder of such Class 5 Claims for purposes of voting on the Plan;

(vii) (a) the Debtors have made available to such Person or Entity or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Person or Entity, and (b) except for information provided by the Debtors in writing, and by its own agents, such Person or Entity has not relied on any statements made or other information received from any Person with respect to the Plan; and

(viii) all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned shall be binding upon the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

If the holder entitled to vote is a corporation, please sign in corporate name by authorized officer, or if a partnership, please sign in partnership name by authorized person.

NAME OF VOTER: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

BY: \_\_\_\_\_  
(If appropriate)

TITLE: \_\_\_\_\_  
(If appropriate)

ANY APPLICABLE IDENTIFICATION NUMBER (USED BY YOUR NOMINEE):

\_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

SOCIAL SECURITY OR FEDERAL TAX I.D. NO: \_\_\_\_\_

TEL. NO. (    ) \_\_\_\_\_ - \_\_\_\_\_                      DATE: \_\_\_\_\_

**YOU SHOULD RETURN THIS BALLOT TO YOUR NOMINEE SO  
AS TO ALLOW ADDITIONAL TIME FOR SUCH NOMINEE TO REVIEW YOUR BALLOT AND  
TRANSMIT THE MASTER BALLOT TO THE SOLICITATION AGENT BY THE VOTING DEADLINE.**

## APPENDIX A

### INSTRUCTIONS FOR COMPLETING THE BALLOT

The Debtors are soliciting votes of Beneficial Owners of Subordinated Note Claims (Class 5 Claims) with respect to the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan") (a copy of which is contained herewith). Please review the Disclosure Statement and the Plan carefully before you complete the Ballot.

The Plan can be confirmed by the Bankruptcy Court, and therefore made binding on you, if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. The Debtors also reserve the right, pursuant to the terms and conditions set forth in the Plan, to seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Please review the Disclosure Statement for more information.

The Ballot is not a letter of transmittal and may not be used for any purpose other than (i) to cast votes to accept or reject the Plan and (ii) to elect not to participate in the mutual releases pursuant to the Plan.

To ensure that your vote is counted, you must (i) complete the Ballot, (ii) indicate your decision either to accept or reject the Plan in the boxes provided in Item 1 of the Ballot and (iii) sign and return the Ballot in the enclosed envelope to your Nominee. The Master Ballot cast by your Nominee on your behalf must be received by Bankruptcy Management Corporation (the "Solicitation Agent") no later than 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005 (the "Voting Deadline"), at the following addresses, unless the Bankruptcy Court or the Debtors extend the period during which ballots will be accepted by the Debtors, in which case the term "Voting Deadline" for such solicitation shall mean the last time and date to which such solicitation is extended:

**If by U.S. Mail:**

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

**If by hand or courier other than U.S. Mail:**

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

If you receive this Ballot from a broker, bank, proxy intermediary or other nominee, please allow sufficient time for your broker, bank, proxy intermediary or other nominee to prepare a Master Ballot, if necessary, such that such Master Ballot is actually received by the Solicitation Agent by the Voting Deadline.

Except to the extent the Debtors otherwise determine, or as permitted by the Bankruptcy Court, Ballots and Master Ballots received after the Voting Deadline will not be accepted or counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan.

Creditors shall not split their vote within a Claim; thus, each creditor shall be deemed to have voted the full amount of its Claims either to accept or reject the Plan.

Any Ballot which is executed by the Holder of an Allowed Claim but which does not indicate an acceptance or rejection or which indicates both an acceptance and rejection of the Plan shall be deemed an acceptance of the Plan.

Creditors holding Claims in more than one Class under the Plan may receive more than one Ballot coded for each different Class; however, each Ballot votes only those Claims indicated on that Ballot.

The method of delivery of Ballots and Master Ballots to be sent to the Solicitation Agent is at the election and risk of each Holder of a Claim, but, except as otherwise provided in the Disclosure Statement, such delivery will be deemed made only when the original, executed Ballot or Master Ballot is actually received by the Solicitation Agent.

Delivery of the original, executed Ballot or Master Ballot to the Solicitation Agent on or before the Voting Deadline is required. Delivery of a Ballot or Master Ballot by facsimile, email or any other electronic means will not be accepted.

No Ballot or Master Ballot sent to the Debtors, any indenture trustee or agent, or the Debtors' financial or legal advisors shall be accepted or counted.

The Debtors expressly reserve the right to amend at any time and from time to time the terms of the Plan (subject to compliance with section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification). If the Debtors make material changes in the terms of the Plan or the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court.

If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claims prior to the Voting Deadline, the decision with respect to the mutual releases reflected on the last valid Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If a Holder of a Claim who is entitled to vote on the Plan (i) does not return a Ballot or (ii) votes to reject the Plan on its Ballot, such Holder will be deemed to have rejected participation in the mutual releases described in Articles X.F.1 and X.F.2 of the Plan.

If a Ballot or Master Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing and, unless otherwise determined by the Debtors, must submit proper evidence satisfactory to the Debtors to so act on behalf of a beneficial interest holder.

The Debtors, in their sole discretion, subject to contrary order of the Bankruptcy Court, may waive any defect in any Ballot or Master Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Debtors may, in their sole discretion, reject such defective ballot as invalid and, therefore, not count it in connection with Confirmation of the Plan.

Unless otherwise ordered by the Bankruptcy Court, all questions as to the validity, eligibility (including time of receipt) and revocation or withdrawal of Ballots or Master Ballots will be determined by the Debtors in their sole discretion which determination shall be final and binding.

If a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such claim or interest will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

Any Holder of Impaired Claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a).

The Debtors' interpretation of the terms and conditions of the Plan and Disclosure Statement shall be final and binding on all parties, unless otherwise directed by the Bankruptcy Court.

Subject to any contrary order of the Bankruptcy Court, the Debtors reserve the absolute right to reject any and all Ballots and Master Ballots not proper in form, the acceptance of which would, in the opinion of the Debtors or their counsel, not be in accordance with the provisions of the Bankruptcy Code.

The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot or Master Ballot, unless otherwise directed by the Bankruptcy Court.

Unless waived or as otherwise ordered by the Bankruptcy Court, any defects or irregularities in connection with deliveries of Ballots or Master Ballots must be cured by the Voting Deadline, and unless otherwise ordered by the Bankruptcy Court, delivery of such Ballots or Master Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots and Master Ballots previously furnished (and as to which any irregularities have not been cured or waived by the Voting Deadline) will not be counted.

Neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots or Master Ballots, nor will any of them incur any liabilities for failure to provide such notification.

No fees or commissions or other remuneration will be payable to any broker, dealer or other person for soliciting Ballots to accept the Plan.

The Ballot or Master Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of a Claim.

**YOU SHOULD RETURN THIS BALLOT TO YOUR NOMINEE SO AS TO ALLOW ADDITIONAL TIME FOR SUCH NOMINEE TO REVIEW YOUR BALLOT AND TRANSMIT THE MASTER BALLOT TO THE SOLICITATION AGENT BY THE VOTING DEADLINE.**

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THIS BALLOT OR THE OTHER ENCLOSED MATERIALS, PLEASE CONTACT YOUR NOMINEE OR THE SOLICITATION AGENT AT (888) 909-0100.**

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU, OR ANY OTHER PERSON, THE AGENT OF THE DEBTORS OR THE SOLICITATION AGENT, OR AUTHORIZE YOU, OR ANY OTHER PERSON, TO USE ANY OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DOCUMENTS ENCLOSED HERewith.

**THIS BALLOT MUST BE DELIVERED IN TIME TO YOUR NOMINEE SUCH THAT YOUR NOMINEE HAS SUFFICIENT TIME TO TRANSMIT A COMPLETED MASTER BALLOT TO THE SOLICITATION AGENT BY THE VOTING DEADLINE.**

**PLEASE MAIL/DELIVER YOUR BALLOT PROMPTLY!**

# **Exhibit B**

**to the Solicitation Procedures Motion**

## **MASTER BALLOTS**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT**

**MASTER BALLOT FOR ACCEPTING OR REJECTING THE JOINT LIQUIDATING PLAN OF REORGANIZATION OF DESA HOLDINGS CORPORATION AND DESA INTERNATIONAL LLC PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

**CLASS 5 – SUBORDINATED NOTE CLAIMS  
(Holders of 9-7/8% Senior Subordinated Notes due 2007)**

This Master Ballot may not be used for any purpose other than for submitting votes to accept or reject the Plan (as defined herein) and electing not to participate in the mutual releases pursuant to the Plan. All capitalized terms used in the Ballot or Voting Instructions but not otherwise defined therein shall have the meaning ascribed to them in the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan").

This Master Ballot is being sent to brokers, proxy intermediaries, and other nominees of beneficial owners (the "Beneficial Owners") of the 9-7/8% Senior Subordinated Notes, due 2007 (the "Subordinated Notes") and is to be used by brokers, proxy intermediaries or other nominees for casting votes to accept or reject the Plan on behalf of and in accordance with the Ballots cast by the Beneficial Owners holding Class 5 Claims through such brokers, proxy intermediaries, or other nominees.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on an Impaired Class if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. In the event the requisite acceptances are not obtained, the Bankruptcy Court may nevertheless confirm the Plan if the Bankruptcy Court finds that the Plan accords fair and equitable treatment to the Class or Classes rejecting it and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. To have the votes of your Beneficial Owners count, you must complete and return this Master Ballot.

**PLEASE READ AND FOLLOW THE ENCLOSED  
VOTING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE MASTER BALLOT.**

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**THIS MASTER BALLOT MUST BE RECEIVED BY BANKRUPTCY MANAGEMENT CORPORATION (THE "SOLICITATION AGENT") BY 4:00 P.M., PREVAILING EASTERN TIME, ON OR BEFORE \_\_\_\_\_, 2005 (THE "VOTING DEADLINE"), UNLESS THE DEBTORS OR THE BANKRUPTCY COURT EXTENDS THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED.**

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**THIS MASTER BALLOT IS TO BE USED BY BROKERS, PROXY INTERMEDIARIES OR OTHER NOMINEES, FOR CASTING VOTES TO ACCEPT OR REJECT THE PLAN, ON BEHALF OF BENEFICIAL OWNERS HOLDING SUBORDINATED NOTES.**

**IF YOU ARE ONLY THE BENEFICIAL OWNER OF SUBORDINATED NOTES, DO NOT USE THIS MASTER BALLOT. YOU MUST CONTACT YOUR BROKER, PROXY INTERMEDIARY, OR OTHER NOMINEE TO OBTAIN AN APPROPRIATE BALLOT AND FOLLOW THE INSTRUCTIONS CONTAINED THEREIN.**

**IF YOU ARE AN INTERVENING BROKER, PROXY INTERMEDIARY OR OTHER NOMINEE, YOU ARE REQUIRED TO COMPLETE THIS MASTER BALLOT AND DELIVER IT TO YOUR BROKER,**

**PROXY INTERMEDIARY OR OTHER NOMINEE. YOU SHOULD RETURN THIS MASTER BALLOT IN SUCH CASES SO AS TO ALLOW ADDITIONAL TIME FOR SUCH MASTER BALLOT TO BE DELIVERED TO THE SOLICITATION AGENT BY THE VOTING DEADLINE.**

**MASTER BALLOTS CAST BY FACSIMILE WILL NOT BE COUNTED**

**Item 1. Tabulation of Votes with Respect to the Plan**

Please note that each Beneficial Owner of the Subordinated Notes who votes must vote all the Subordinated Notes owned by such Beneficial Owner. For purposes of tabulating the vote, each Beneficial Owner who votes should be deemed to have voted the full amount of the Subordinated Notes owned by such Beneficial Owner according to your records. A Beneficial Owner may not split its vote and, accordingly, a Ballot received from a Beneficial Owner that partially accepts and partially rejects the Plan must not be counted.

**Item 2. Aggregate Face Amount of Subordinated Notes as to Which Votes are Cast**

By signing this Master Ballot, the undersigned certifies, as applicable, that it (i) is the registered or record owner as of \_\_\_\_\_, 200\_\_, of \$\_\_\_\_\_ aggregate face amount of Subordinated Notes (Class 5 Claims); (ii) is acting under a Power of Attorney granted by the record owner(s) of \$\_\_\_\_\_ aggregate face amount of Subordinated Notes (Class 5 Claims); (iii) has been granted a proxy with respect to \$\_\_\_\_\_ aggregate face amount of Subordinated Notes (Class 5 Claims); or (iv) is an intermediate nominee with respect to \$\_\_\_\_\_ aggregate face amount of Subordinated Notes (Class 5 Claims).

**Item 3. Vote on Plan – Aggregate Face Amount (in Dollars)**

As instructed by the Beneficial Owners of the aggregate face amount of Subordinated Notes set forth in Item 2 above, the undersigned transmits the following votes of such Beneficial Owners in respect of their Subordinated Notes (Class 5 Claims):

**To ACCEPT the Plan**

\$ \_\_\_\_\_  
Aggregate Face Amount of Notes

**To REJECT the Plan**

\$ \_\_\_\_\_  
Aggregate Face Amount of Notes



**Item 4.           Vote on Plan – Number of Beneficial Owners**

The undersigned certifies that the following Beneficial Owners of Subordinated Notes, as identified by their respective customer account numbers or the respective sequence numbers set forth below, have delivered to the undersigned Ballots casting votes on the Plan (indicate the aggregate face amount for each respective account under the appropriate column) (please use additional sheets of paper if necessary). Please note: Each Beneficial Owner must vote all of its Subordinated Notes either to accept or reject the Plan, and may not split such vote:

<b>Customer Name and/or Account Number for Each Beneficial Owner of Subordinated Notes (if customer has more than one account, please indicate by listing each account A, B, C, etc.)</b>	<b>To Accept the Plan</b>	<b>To Reject the Plan</b>
1. _____	\$ _____	\$ _____
2. _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____
4. _____	\$ _____	\$ _____
5. _____	\$ _____	\$ _____
6. _____	\$ _____	\$ _____
7. _____	\$ _____	\$ _____
8. _____	\$ _____	\$ _____
9. _____	\$ _____	\$ _____
10. _____	\$ _____	\$ _____

Please use additional sheets of paper if necessary.

**Item 5.****Releases**

**THE PLAN PROVIDES THAT, AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM THAT VOTES TO ACCEPT THE PLAN WILL RELEASE CERTAIN CLAIMS AGAINST CERTAIN PARTIES (AND RECEIVE SIMILAR RELEASES FROM OTHER PARTIES, WHICH ARE DESCRIBED IN MORE DETAIL IN ARTICLES X.F.1 AND X.F.2 OF THE PLAN), UNLESS THE HOLDER OF A CLAIM AFFIRMATIVELY REJECTS (VOTES AGAINST) GIVING AND RECEIVING SUCH RELEASES. THE FOLLOWING BENEFICIAL OWNERS HAVE AFFIRMATIVELY ELECTED IN THEIR BALLOT NOT TO PARTICIPATE IN THE RELEASES DESCRIBED IN ARTICLES X.F.1 AND X.F.2 OF THE PLAN.**

<b>Customer Name and/or Account Number for Each Beneficial Owner of Subordinated Notes (if customer has more than one account, please indicate by listing each account A, B, C, etc.)</b>	
1.	_____
2.	_____
3.	_____
4.	_____
5.	_____
6.	_____
7.	_____
8.	_____
9.	_____
10.	_____

Please use additional sheets of paper if necessary.

**Item 6. Additional Ballots Submitted by Beneficial Owners (if applicable)**

The undersigned certifies that it has transcribed below the information, if any, provided in each Beneficial Owner Ballot received from a Beneficial Owner:

<b>Your Customer Name and/or Account Number for each Beneficial Owner</b>	<b>Name of Customer's Other Custodian Or Broker Nominee</b>	<b>Customer Account Number of Other Account (if applicable)</b>	<b>Aggregate Principal Amount of Subordinated Notes Held in Other Accounts and Voted through Such Other Accounts</b>
1. _____	_____	_____	\$ _____
2. _____	_____	_____	\$ _____
3. _____	_____	_____	\$ _____
4. _____	_____	_____	\$ _____
5. _____	_____	_____	\$ _____
6. _____	_____	_____	\$ _____
7. _____	_____	_____	\$ _____
8. _____	_____	_____	\$ _____
9. _____	_____	_____	\$ _____
10. _____	_____	_____	\$ _____
11. _____	_____	_____	\$ _____
12. _____	_____	_____	\$ _____

Please use additional sheets of paper if necessary.

**Item 7. Certification of Delivery of Documents**

By signing this Master Ballot, the undersigned certifies that:

(i) Such Person or Entity (a) has received a copy of the Plan, the Disclosure Statement, Master Ballot, Ballot and other solicitation materials and documents related thereto (collectively, the "Solicitation Package") and has delivered the same to the Beneficial Owners listed thereon, (b) has received a completed and signed Ballot from each such Beneficial Owner as identified herein, (c) is the registered holder of the Subordinated Notes being voted, (d) has been authorized by each such Beneficial Owner to vote on the Plan, and (e) the Beneficial Owner has certified to such nominee that such Beneficial Owner has not submitted any other Ballots for such Class of Claims held in other accounts or other registered names, or, if it has submitted another Ballot held in other accounts or registered names, that the Beneficial Owner has certified to such nominee that such Beneficial Owner has cast the same vote for such Class of Claims, and such nominee will disclose such other accounts or registered holders and such other Ballots;

(ii) Such Person or Entity has properly disclosed (a) the number of such Beneficial Owners, (b) the respective amounts of the Subordinated Notes owned, as the case may be, by each such Beneficial Owner, (c) each Beneficial Owner's respective vote concerning the Plan, (d) any Beneficial Owner's election to not participate in the mutual releases and (e) the customer account or other identification number for each such Beneficial Owner;

(iii) Such Person or Entity will maintain Ballots returned by Beneficial Owners (whether properly completed or defective) for disclosure to the Bankruptcy Court or the Debtors if so ordered; and

(iv) If such Person or Entity signs this Master Ballot without indicating a specific amount of the Class 5 Claims rejecting the Plan, the amount of Class 5 Claims set forth in Item 2 above will be counted as voting to accept the Plan.

**Item 8. Certification of Authority to Vote**

By signing and returning this Master Ballot, the undersigned certifies that as of \_\_\_\_\_, 2005 ("Voting Record Date"), it was (please check the applicable box):

- ☐ A broker, bank or other nominee for the Beneficial Owners of the aggregate principal amount of the Subordinated Notes listed above, and is the registered holder of such Subordinated Notes, or
- ☐ Acting under a power of attorney and/or agency (a copy of which will be provided on request) granted by a broker, bank or other nominee that is the registered holder of the aggregate principal amount of the Subordinated Notes listed above, or
- ☐ Had been granted a proxy (an original of which is attached hereto) from a broker, bank or other nominee, or a Beneficial Owner, that is the registered holder of the aggregate principal amount of the Subordinated Notes listed above, or
- ☐ An intermediate institutional nominee for the Beneficial Owners of the aggregate principal amount of the Subordinated Notes listed above,

and accordingly has full power and authority to vote to accept or reject the Plan and elect not to participate in the mutual releases as set forth on the Ballots, on behalf of the Beneficial Owners of the Subordinated Notes as described in Items 4 and 5 above. The undersigned also acknowledges this Master Ballot is subject to all the terms and conditions set forth in the Disclosure Statement and the voting instructions attached hereto.

Name of Broker, Bank or Other Nominee: \_\_\_\_\_  
(Print or Type)

By: \_\_\_\_\_  
(Signature of Nominee or Authorized Agent)

Print or Type Name of Signatory: \_\_\_\_\_  
(If Appropriate)

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Social Security or Federal Tax I.D. No.: \_\_\_\_\_

Date Completed: \_\_\_\_\_

**THIS MASTER BALLOT MUST BE RECEIVED BY:**

**BANKRUPTCY MANAGEMENT CORPORATION**

If by U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

If by hand or courier other than U.S. Mail:

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

**BY 4:00 P.M., PREVAILING EASTERN TIME, ON OR BEFORE THE VOTING DEADLINE, UNLESS THE DEBTORS OR THE BANKRUPTCY COURT EXTENDS THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED OR YOUR VOTE WILL NOT BE COUNTED.**

## APPENDIX A

### INSTRUCTIONS FOR COMPLETING THE MASTER BALLOT

The Debtors are soliciting votes of Beneficial Owners of Class 5 Claims with respect to the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan") (a copy of which is contained herewith). Please review the Disclosure Statement and the Plan carefully before you complete the Master Ballot. The capitalized terms used herein and in the Master Ballot and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

The Master Ballot is not a letter of transmittal and may not be used for any purpose other than (i) to cast votes to accept or reject the Plan and (ii) to elect not to participate in the mutual releases pursuant to the Plan. Holders should not surrender, at this time, certificates representing their Class 5 Claims, and Bankruptcy Management Corporation (the "Solicitation Agent") will not accept delivery of any such certificates surrendered together with this Master Ballot.

To have the vote of your Beneficial Owners count, you must forward the Solicitation Package to each Beneficial Owner of the Subordinated Notes (or intermediate institutional nominee thereof) for voting and include a return envelope provided by and addressed to you, with sufficient lead time so that the Beneficial Owner (or intermediate institutional nominee) may return the completed Ballot to you in order for you to complete and return the Master Ballot to the Solicitation Agent so that it is received by the Solicitation Agent at the following addresses, not later than 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005 (the "Voting Deadline"), unless the Bankruptcy Court or the Debtors extend the period during which ballots will be accepted by the Debtors, in which case the term "Voting Deadline" for such solicitation shall mean the last time and date to which such solicitation is extended:

**If by U.S. Mail:**

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

**If by hand or courier other than U.S. Mail:**

Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

Provided that if you are an intermediate institutional nominee for any Beneficial Owners, you must forward the Solicitation Package to each such Beneficial Owner for voting and include a return envelope provided by and addressed to you, with sufficient lead time so that the Beneficial Owner (or intermediate institutional nominee) may return the completed Ballot to you in order for you to complete and return the Master Ballot to the (next) higher level of institutional nominee who represents your interests so that such (next) institutional nominee may complete and return its Master Ballot to the Solicitation Agent by the Voting Deadline.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on an Impaired Class if it is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of Claims that actually vote in the Class of Claims voting on the Plan. The Debtors also reserve the right, pursuant to the terms and conditions set forth in the Plan, to seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Please review the Disclosure Statement for more information. To have the Ballots of your Beneficial Owners count, you must complete and return this Master Ballot.

To complete the Master Ballot properly, take the following steps:

1. Provide appropriate information for each of the items on the Master Ballot. Please note that Items 4, 5 & 6 request information for each Beneficial Owner on whose behalf you are submitting the Master Ballot. Please use the customer account number assigned by you to each such Beneficial Owner or, if no such customer account number exists, please use the sequential numbers provided (making sure to retain a separate list of each Beneficial Owner and their assigned sequential number).
2. Vote to accept or reject the Plan in Item 3 for the Subordinated Notes held by you on behalf of the Beneficial Owner.

3. Fill in the information requested in Items 4, 5, and, if applicable, Item 6.
4. Read Items 7 and 8 carefully, and check the correct box in Item 8.
5. Sign and date your Master Ballot.
6. If you are completing this Master Ballot on behalf of another entity, indicate your relationship with such entity and the capacity in which you are signing.
7. Provide your name and mailing address.

**The Debtors request that you retain in your files the Ballots received from the Beneficial Owners.**

- You should deliver the appropriate Ballot to each Beneficial Owner of Class 5 Claims, and take any action required to enable each such Beneficial Owner to vote their respective Class 5 Claims to accept or reject the Plan as well as to elect not to participate in the mutual releases. With regard to any Ballots returned to you, you must (a) retain such Ballots in your files and transfer the requested information from each such Ballot onto the attached Master Ballot, (b) execute the Master Ballot and (c) deliver such Master Ballot to the Solicitation Agent at the address set forth herein.
- If you are both the registered holder and Beneficial Owner of any of the Class 5 Claims and you wish to vote such Class 5 Claims, you may return either a Class 5 Beneficial Owner Ballot or a Master Ballot.
- **DO NOT TRANSMIT THE MASTER BALLOT BY TELECOPIER OR FACSIMILE AS SUCH MASTER BALLOTS WILL NOT BE COUNTED.**

No fees or commissions or other remuneration will be payable to any broker, dealer or other person for soliciting Ballots accepting the Plan.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS MASTER BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THIS MASTER BALLOT, THE BALLOT, THE PLAN, THE DISCLOSURE STATEMENT OR THE OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE SOLICITATION AGENT AT (888) 909-0100.**

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU, OR ANY OTHER PERSON, THE AGENT OF THE DEBTORS OR THE SOLICITATION AGENT, OR AUTHORIZE YOU, OR ANY OTHER PERSON, TO USE ANY OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DOCUMENTS ENCLOSED HERewith.

**THE METHOD OF DELIVERY OF A MASTER BALLOT TO THE SOLICITATION AGENT IS AT THE ELECTION AND RISK OF EACH ENTITY. EXCEPT AS OTHERWISE PROVIDED HEREIN, SUCH DELIVERY WILL BE DEEMED MADE ONLY WHEN THE ORIGINAL EXECUTED MASTER BALLOT IS ACTUALLY RECEIVED BY THE SOLICITATION AGENT. INSTEAD OF EFFECTING DELIVERY BY MAIL, IT IS RECOMMENDED, THOUGH NOT REQUIRED, THAT SUCH ENTITIES USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. DELIVERY OF A MASTER BALLOT BY FACSIMILE, E-MAIL OR ANY OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED. NO MASTER BALLOT SHOULD BE SENT TO THE DEBTORS, ANY INDENTURE TRUSTEE OR AGENT, OR THE DEBTORS' FINANCIAL OR LEGAL ADVISORS.**

# **Exhibit C**

**to the Solicitation Procedures Motion**

## **CONFIRMATION HEARING NOTICE**



IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
DESA Holdings Corporation, <i>et al.</i> , <sup>1</sup>	)	Case No. 02-11672 (PJW)
	)	(Jointly Administered)
Debtors.	)	

**NOTICE OF (I) ENTRY OF ORDER APPROVING DISCLOSURE STATEMENT; (II)  
HEARING TO CONFIRM PLAN OF REORGANIZATION AND  
(III) RELATED IMPORTANT DATES**

**DISCLOSURE STATEMENT and SOLICITATION PROCEDURES APPROVED.** On \_\_\_\_\_, 2005, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered that certain Order (A) Approving the Adequacy of the Debtors' Disclosure Statement; (B) Scheduling a Hearing to Confirm the Plan; (C) Establishing a Plan Objection Deadline; (D) Approving Form of Ballots, Voting Deadline and Solicitation Procedures; and (E) Approving Form and Manner of Notices (the "Disclosure Statement Order"). The Disclosure Statement Order approved the Disclosure Statement for the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code, dated \_\_\_\_\_, 2004 (the "Disclosure Statement"), as containing adequate information required under section 1125(a) of the Bankruptcy Code, and authorized the Debtors to solicit acceptances of the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan").<sup>2</sup>

**HEARING TO CONFIRM PLAN OF REORGANIZATION.** A hearing to confirm the Plan (the "Confirmation Hearing") will commence on the \_\_ day of \_\_\_\_\_, 2005, at \_\_\_\_\_ .m., prevailing eastern time, before the Bankruptcy Court. The Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise, without further notice to parties in interest. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing.

**PLAN OBJECTION DEADLINE.** The Bankruptcy Court has established \_\_\_\_\_, 2005, at \_\_\_\_\_ .m., prevailing eastern time, as the last date and time for filing and serving objections to the confirmation of the Plan (the "Plan Objection Deadline"). All objections must state with particularity the legal and factual grounds for such objection, describe the nature and amount of the objector's claim, and provide, where applicable, the specific text that the objecting party believes to be appropriate to insert into the Plan.

In order to be considered by the Bankruptcy Court, objections, if any, to the Plan, must be in writing and must be both (a) filed with the Bankruptcy Court on or before the Plan Objection Deadline and (b) served on the following

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<sup>1</sup> The Debtors consist of the following two entities: DESA Holdings Corporation and DESA International LLC, f/k/a DESA International, Inc.

<sup>2</sup> Capitalized terms not defined herein shall have the same meaning as ascribed in the Plan.

notice parties (the "Notice Parties") so that they are actually RECEIVED by 4:00 p.m., prevailing eastern time, on the Plan Objection Deadline:

<b><u>Counsel for the Debtors:</u></b> Kirkland & Ellis LLP c/o James H.M. Sprayregen, P.C. and James W. Kapp III, Esq. 200 East Randolph Drive Chicago, Illinois 60601 Telephone: (312) 861-2000 Facsimile: (312) 861-2200  and  Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. c/o Laura Davis Jones, Esq. and Curtis A. Hehn, Esq. 919 North Market Street, 16 <sup>th</sup> Floor P.O. Box 8705 Wilmington, Delaware 19899-8705 (Courier 19801) Telephone: (302) 652-4100 Facsimile: (302) 652-4400	<b><u>Counsel for the Creditors Committee:</u></b> Stroock & Stroock & Lavan LLP c/o Gerald C. Bender, Esq. and Karyn B. Zeldman, Esq. 180 Maiden Lane New York, New York 10038-4982 Telephone: (212) 806-5400 Facsimile: (212) 806-6006  and  Ashby & Geddes c/o William P. Bowden, Esq. 222 Delaware Avenue P.O. Box 1150 Wilmington, Delaware 19899 Telephone: (302) 654-1888 Facsimile: (302) 654-2067
<b><u>United States Trustee:</u></b> Office of the United States Trustee J. Caleb Boggs Federal Building 844 N. King Street Suite 2313 Lock Box 35 Wilmington, Delaware 19801	<b><u>Counsel for the Prepetition Lenders:</u></b> Shearman & Sterling LLP c/o Fredric Sosnick, Esq. 599 Lexington Avenue New York, New York 10022-6069 Telephone: (212) 848-4000 Facsimile: (212) 848-7179

**Objections not timely filed and served by the Plan Objection Deadline in accordance with the provisions of this Notice will not be heard and will be overruled.**

Persons may obtain copies of the Disclosure Statement and the Plan by contacting Bankruptcy Management Corporation at (888) 909-0100 or visiting the website [www.bmccorp.net/DESA](http://www.bmccorp.net/DESA).

**VOTING RECORD DATE.** \_\_\_\_\_, 2005 is the record date for purposes of determining which parties are entitled to vote on the Plan.

**VOTING DEADLINE.** \_\_\_\_\_, 2005 (the "Voting Deadline") is the deadline for casting a ballot ("Ballot") or master ballot ("Master Ballot") to accept or reject the Plan. All Ballots and Master Ballots accepting or rejecting the Plan must be received as appropriate by Bankruptcy Management Corporation (the "Solicitation Agent") by 4:00 p.m., prevailing eastern time, on the Voting Deadline at the following addresses:

**If by U.S. Mail:**  
Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
P.O. Box 926  
El Segundo, CA 90245-0926

**If by hand or courier other than U.S. Mail:**  
Bankruptcy Management Corporation  
Attn. DESA Solicitation Agent  
1330 East Franklin Avenue  
El Segundo, CA 90245

**OPT-OUT DEADLINE.** 4:00 p.m., prevailing eastern time, on \_\_\_\_\_, 2005 is the deadline for holders of claims who are entitled to vote on the Plan to affirmatively reject participation in the mutual releases, which are described in Articles X.F.1 and X.F.2 of the Plan, on their respective Ballots.

**RULE 3018 MOTION DEADLINE AND HEARING.** It shall be the responsibility of each party who files a motion for an order pursuant to Bankruptcy Rule 3018(a) seeking temporary allowance of a claim for voting purposes (a "Rule 3018(a) Motion") to (a) file such Rule 3018(a) Motion with evidence in support thereof by the Plan Objection Deadline, (b) schedule a hearing on such Rule 3018(a) Motion (the "Rule 3018(a) Hearing"), and (c) schedule the Rule 3018(a) Hearing on a date that is not less than ten (10) days prior to the Confirmation Hearing.

**INJUNCTION.** Except as otherwise expressly provided in the Plan, the Plan provides that all Entities that have held, hold or may hold Claims against or Equity Interests in the Debtors are permanently enjoined, from and after the Effective Date, from taking any of the following actions against any of the Debtors, their Estates, the Post Confirmation Estate, the Plan Administrator(s), the Professionals or any of their property on account of any Claims or causes of action arising from events prior to the Effective Date, including, without limitation: (i) commencing or continuing in any manner any action or other proceeding of any kind; (ii) enforcing, attaching, collecting or recovering by any manner or in any place or means any judgment, award, decree or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance of any kind; and (iv) asserting any defense or right of setoff, subrogation or recoupment of any kind against any obligation, debt or liability due to the Debtors.

Dated: \_\_\_\_\_, 2005  
Wilmington, Delaware

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Co-Counsel for the Debtors and Debtors in Possession

**EXHIBIT D**

**NON-VOTING NOTICES**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
DESA Holdings Corporation, <i>et al.</i> , <sup>1</sup>	)	Case No. 02-11672 (PJW)
	)	(Jointly Administered)
Debtors.	)	

**NOTICE OF NON-VOTING STATUS WITH RESPECT TO  
UNIMPAIRED CLASSES DEEMED TO ACCEPT THE PLAN**

PLEASE TAKE NOTICE that on [\_\_\_\_], 2005, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") approved the Disclosure Statement for the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Disclosure Statement") for use by the Debtors in soliciting acceptances or rejections of the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan") from Holders<sup>2</sup> of Impaired Claims who are (or may be) entitled to receive Distributions under the Plan.

**YOU ARE OR MIGHT BE THE HOLDER OF ONE OR MORE OF THE FOLLOWING TYPES OF UNIMPAIRED CLAIMS UNDER ARTICLE III OF THE PLAN:**

<u>Class</u>	<u>Claims and Equity Interests</u>
3	Other Priority Claims

**UNDER THE TERMS OF THE PLAN, SUCH CLAIM(S) AGAINST THE DEBTORS IS NOT IMPAIRED AND, THEREFORE, PURSUANT TO SECTION 1126(f) OF THE UNITED STATES BANKRUPTCY CODE, YOU ARE (i) DEEMED TO HAVE ACCEPTED THE PLAN, AND (ii) NOT ENTITLED TO VOTE ON THE PLAN. PERSONS MAY OBTAIN COPIES OF THE DISCLOSURE STATEMENT AND THE PLAN BY CONTACTING BANKRUPTCY MANAGEMENT CORPORATION AT (888)**

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<sup>1</sup> The Debtors consist of the following two entities: DESA Holdings Corporation and DESA International LLC, f/k/a DESA International, Inc.

<sup>2</sup> Capitalized terms not defined herein shall have the same meaning as ascribed in the Plan.

**909-0100 OR VISITING THE WEBSITE [www.bmccorp.net/DESA](http://www.bmccorp.net/DESA). IF YOU HAVE ANY QUESTIONS ABOUT THE STATUS OF YOUR CLAIM(S), YOU SHOULD CONTACT BANKRUPTCY MANAGEMENT CORPORATION AT (888) 909-0100.**

Dated: \_\_\_\_\_, 2005  
Wilmington, Delaware

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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
DESA Holdings Corporation, <i>et al.</i> , <sup>1</sup>	)	Case No. 02-11672 (PJW)
	)	(Jointly Administered)
Debtors.	)	

**NOTICE OF NON-VOTING STATUS WITH RESPECT TO  
IMPAIRED CLASSES DEEMED TO REJECT THE PLAN**

PLEASE TAKE NOTICE that on [\_\_\_\_], 2005, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") approved the Disclosure Statement for the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Disclosure Statement") for use by the Debtors in soliciting acceptances or rejections of the Joint Liquidating Plan of Reorganization of DESA Holdings Corporation and DESA International LLC Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan") from Holders<sup>2</sup> of Impaired Claims who are (or may be) entitled to receive Distributions under the Plan.

**YOU ARE OR MIGHT BE THE HOLDER OF ONE OR MORE OF THE FOLLOWING TYPES OF IMPAIRED CLAIMS UNDER ARTICLE III OF THE PLAN:**

<u>Class</u>	<u>Claims and Equity Interests</u>
6	Intercompany Claims
7	Equity Interests

**UNDER THE TERMS OF THE PLAN, YOU ARE NOT ENTITLED TO RECEIVE OR RETAIN ANY PROPERTY ON ACCOUNT OF SUCH CLAIM(S) AGAINST THE DEBTORS AND, THEREFORE, PURSUANT TO SECTION 1126(g) OF THE UNITED STATES BANKRUPTCY CODE, YOU ARE (i) DEEMED TO HAVE REJECTED THE PLAN AND (ii) NOT ENTITLED TO VOTE ON THE PLAN. PERSONS MAY OBTAIN COPIES OF THE DISCLOSURE STATEMENT AND THE PLAN BY CONTACTING BANKRUPTCY MANAGEMENT CORPORATION AT (888)**

---

<sup>1</sup> The Debtors consist of the following two entities: DESA Holdings Corporation and DESA International LLC, f/k/a DESA International, Inc.

<sup>2</sup> Capitalized terms not defined herein shall have the same meaning as ascribed in the Plan.

**909-0100 OR VISITING THE WEBSITE [www.bmccorp.net/DESA](http://www.bmccorp.net/DESA). IF YOU HAVE ANY QUESTIONS ABOUT THE STATUS OF YOUR CLAIM(S), YOU SHOULD CONTACT BANKRUPTCY MANAGEMENT CORPORATION AT (888) 909-0100.**

Dated: \_\_\_\_\_, 2005

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